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INTRABLOC

GOSR Anniversary Meeting Results Assessed

23000033 East Berlin EINHEIT in German Vol 42,
No 12, Dec 87 (signed to press 11 Nov 87) pp 1059-1063

[Article by Guenter Sieber, member of the SED Central Committee and director of the SED Central Committee's International Relations Department: "Together for Peace and the Future of Mankind—On the Meeting of Parties and Movements Recognizing the 10th Anniversary of Red October in Moscow"]

[Text] Millions of people all over the world focused on the festivities for the 70th anniversary of the Great Socialist October Revolution. These moving days in the capital of the Soviet Union became an impressive testimony to the world historic significance of the Great October through which mankind entered a new era, to the unprecedented course on which since the Soviet people, led by its Leninist party, has moved forward, despite heavy trials, like a pioneer through all periods of its history. Through tough struggle and under unimaginable efforts and sacrifices, enormous revolutionary accomplishments were achieved. The "Russian miracle" turned one of the economically most backward countries into a modern socialist superpower, a world power of the first rank, which has always resolutely championed the cause of peace and social progress, bore the chief burden in the struggle to defeat fascism, and since the end of World War II has decisively contributed to the preservation of peace and to opening the way to detente and disarmament, to solving the vital problems of humanity.

Today the communists, the people of the Soviet Union, "again are on an uncharted course. That imposes a special responsibility on the party and us all," as Comrade Mikhail Gorbachev put it at the joint festival session of the CPSU Central Committee, the Supreme Soviet of the USSR, and the Supreme Soviet of the RSFSR.¹ On the unshakable basis of what has been achieved, of the inalienable results of the thrust into new territory in the history of mankind, the party and the Soviet people on the whole, as the CPSU Central Committee general secretary pointed out convincingly, are working on solving the great tasks in the further socialist restructuring of the country, the implementation of the course assigned by the 27th CPSU Congress.

The communists and all the generations of the GDR people are observing with great interest and equal sympathy the further advances in this direction by the Soviet people. To us, as Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, put it during the celebrations, the CPSU "in all periods of its history, including the present period, has been a party of innovators, or pioneers. It entered unexplored paths and so paved the way to socialism for all mankind."² Today and for all the future, firm and unbreakable bonds of friendship tie us to the Soviet Union in the struggle for socialism and

peace. Taking account of the requirements of the current stage of socialist construction in our two countries, and of the deepening in the CEMA states' socialist economic integration, the USSR and the GDR engage in their relations at a qualitatively new level. It will always be a heartfelt concern to us to consolidate and deepen the fraternal alliance with the USSR and the other states in the socialist community, Comrade Erich Honecker affirmed and added to it the conviction "that the variety developing in the world of socialism produces increasing unity among the fraternal countries at a higher level."³

Like all other fraternal socialist countries so the GDR also works under concrete national and historic conditions for the common goal to benefit its own people and thereby to strengthen world socialism and raising its international power of radiation, its weight in the worldwide struggle for safeguarding peace. Firmly resolved to achieve time and time again successes for the well-being of men that show up in life, through the course of integrated economic and social policies taken by the 8th party congress, the members of all classes and strata of our people, as Erich Honecker announced in Moscow, are engaged in implementing the 11th SED Congress resolutions with great elan and thereby act in loyalty to the legacy of the Red October. The centerpiece here is the further stable and dynamic development of the economy based on copying with the scientific-technical revolution and the consistent development and application of the key technologies. Especially also in these areas so crucial for the confrontation between the systems and for resolving mankind's problems of the future, the collaboration with the Soviet land is becoming ever closer.

When representatives of 178 parties and movements met on 4 and 5 November 1987 in the Congress Palace at the Kremlin, the world historic consequence of the Red October was clearly brought to mind. The variety and distinctions in the world's problems today, and the broad spectrum of ideological and doctrinal convictions represented in the speeches by the participants, found their crystallizations, even in many contrasting political and ideological positions. But all agreed on one thing: The challenges to mankind at the end of this century—the threat to its survival and the immense chances for development—can only jointly be coped with. That presupposes as the most important of all the tasks to be solved the preventing of nuclear war and the permanent safeguarding of peace. Especially through this broad agreement on the question of all questions in our time, the Moscow meeting demonstrated that the need and possibility for cooperation among all revolutionary, progressive, and peace-loving forces never have been as great as today. "What with all the differences and specifics that came up here," as Mikhail Gorbachev summarized it, "two things unite us, which has become obvious in all the speeches: We all are acting on behalf of the working people and we are all willing to give our utmost to eliminate the danger of war and provide recovery for international relations."⁴

Collaboration among the most disparate forces—as the Moscow meeting demonstrated—has become closer since the 1983 international science conference in Berlin in honor of Karl Marx; a worldwide coalition of reason and realism has assumed concrete shape. At that time Erich Honecker defined it as a precept of the time “that all political and social forces that sincerely want peace, regardless of diverse political programs, ideological positions, and religious persuasions, across class barriers and all that separates, work together, for never yet was mankind so directly exposed to mortal danger as today and, hence, induced to champion peace. Even making profits becomes illusory in a nuclear world war. So there is a historic chance that in the peace struggle the most diverse forces get together and this struggle reaches an unprecedented breadth.”⁵

The important anniversary even in Moscow was an expression of and, with it, another step toward getting together on behalf of the survival of mankind. It is possible today, as this meeting affirmed, to speak openly with each other despite all the differences in positions, to respect each other, and to deal comradely with each other and with regard. A worldwide coalition of reason and realism already exercises a beneficial influence on international relations.

This meeting's far-reaching importance and international reverberation on the occasion of the 70th anniversary of the first socialist state in the world attest to the worldwide effect of the socialist peace course, to the recognition the socialist policy of the Soviet Union has found. Not only communists, socialists and social democrats also, and representatives of national democratic parties and national liberation movements, and other democratic parties and international organizations, expressed respect for the CPSU policy, notably for the Soviet Union's daring initiatives on a world without nuclear arms, radical disarmament steps, the quick elimination of all hotbeds of war, and on establishing a climate of confident international collaboration. They all indicated their readiness for common action.

Many speakers at the meeting specifically praised the dynamic foreign policy of the socialist countries, which are setting an example for new thinking and acting in international relations. Particularly the fact that this policy does not just confine itself to submitting proposals but, with it, takes concrete steps for their implementation, encourages the peace-loving and progressive forces in the world to bolster their own efforts toward safeguarding peace, toward a breakthrough toward disarmament, and the solving of other global problems. New and more advanced possibilities arise from that for the cooperation among all currents in the workers movement, all progressive and democratic forces. From many contributions at the meeting it became recognizable how the anti-Soviet, anticommunist lie about the “threat from the East,” by which the most reactionary imperialist circles have sought to cloak their search for military superiority, is losing influence. The identity between

socialism and peace is leading to increasing understanding and to signs of joint action between the socialist states and the other peace forces in the world.

Anticipating the Washington summit between Mikhail Gorbachev and Ronald Reagan, the participants of the Moscow meeting welcomed the accord achieved about it and appreciated in particular the accord, in principle, on signing an agreement on the double global zero-solution for nuclear medium-range missiles as an important first step toward entering nuclear disarmament. It is all the more important, the point was made, to make headway also in negotiating the reduction of strategic offensive weapons and strengthening the ABM Treaty. In connection with the observation that despite immense advances the turn from confrontation to detente has not yet been made, the call for resolute and effective struggle on behalf of further disarmament steps could not be missed.

Important intermediate steps toward eliminating all mass destruction weapons would be nuclear and chemical weapons-free zones, advocated by many of the parties and movements represented in Moscow. Much was made, in particular, of the relevant initiatives from the SED, the SPD, and the CPCZ for Central Europe, finding their crystallization in concrete proposals from the governments of the CSSR and the GDR addressed to the FRG government, and of corresponding activities of the states concerned for Northern Europe, the Balkans, the South Pacific, the South Atlantic, and Africa. Great interest was sparked by the announcement that the GDR is going to invite for an international meeting of prominent political representatives in 1988 who advocate setting up nuclear weapons-free zones.

Though the international situation continues to be intricate, at the Moscow meeting the view prevailed that recent developments gave reason for optimism. Erich Honecker said: “Though the dangers are far from being ruled out, a further exacerbation of international tension was halted, there being hopeful signs of getting into disarmament.”⁶ More favorable preconditions, some speakers emphasized, had arisen especially in Europe for bringing to full effect of shared security and mutual advantageous cooperation among the states based on peaceful coexistence, for which there was no alternative in our time.

Optimism has nothing to do, of course, with indulging in illusions. It was underscored at the meeting that there is nothing automatic in disarmament, that each success has to be fought for. To achieve further disarmament steps, one must push back the imperialist circles banking on a forceful arms race and confrontation, on achieving military-strategic superiority—particularly through the militarization of space—and global hegemony. Their influence must be reduced and overcome.

In this confrontation, which involves the survival of all mankind, the role of socialism as the champion for peace—as the results of the Moscow meeting reflect—is

of greater importance than ever. Against the expansionist designs of the most aggressive imperialist circles, peace has to be won, above all, through the strength of socialism. That is a fundamental verity of our epoch, corroborated thousands of times in the 70 years since the Great October. It guides the socialist states in their domestic and foreign policy; it is expressed in how people act in the Soviet Union and the other states of our community, in the GDR citizens' attitude, who are acting according to the motto: My job is my battle station for peace!

It became apparent in the discussion what importance the representatives not only of the communist but also of other attending parties attach to the efforts of the socialist countries to cope with the sociopolitical requirements for the current development phase of socialism, especially the requirements for the scientific-technical revolution, and what high expectations accompany, in particular, the restructuring that has been started in the Soviet Union. The successful implementation of this policy—as was underscored many times—is of great importance not only for the Soviet people and will have crucial effects on the ongoing struggle for peace, international cooperation, and social progress.

Peaceful coexistence between states with differing social orders—that is a decisive requirement today for the survival of all peoples, the categorical imperative for our time, the goal of the worldwide struggle by the peace forces. This position was taken by the representatives of the different parties and movements with total emphasis and in great harmony. As security can be guaranteed any longer only on this basis, so the other problems of human existence also can be resolved only through the peaceful coexistence of the states. That pertains, as many discussion contributions made clear, to the worldwide effects of the scientific-technical revolution, the needed creation of a new world economic order, the coping with the energy and raw materials problem, and the ecological and other global problems.

At the same time it was brought out at the meeting that peaceful coexistence does not do away with the class struggle and the antagonism between the systems. Nor will the contradictions and controversies of the ideologies disappear. In view of the need for joint efforts to ensure peace, indispensable for the survival of all peoples and states, the contest between the ideologies has to proceed in civilized forms and must not burden the interstate relations. Contradictions must be settled solely by peaceful contest—that is more necessary than ever today, and possible, too. Diverse ideological positions or differing specific interests by states, be they political, economic, or anything else by nature, must not be enforced by weapons or the threat thereof; all international disputes have to be settled without military means, through compromise and the balancing of interests of the states.

There are going to be classes and class struggle, and the struggle for national and social liberation as long as the system of capitalist exploitation and neo-capitalist pillage exists, as long as peoples have to suffer from the ills and crimes of imperialism. The speeches by many delegates from various countries and regions in the world became an unequivocal indictment of imperialism, neo-colonialism, and neo-globalism, which are to be blamed for regional conflicts, apartheid and racial discrimination, starvation and underdevelopment in vast parts of the third world. Equally much was made of the exploitation and suppression in the capitalist countries demonstrating their inability of using the opportunities of scientific-technical progress on behalf of the working people, demonstrated by mass unemployment and other forms of the misery of millions.

Many contributions pointed out that the struggle for ensuring peace was closely tied up with the working people's social struggle, with the struggle against the most reactionary monopoly capitalist forces in the imperialist countries and the neo-global policy of U.S. imperialism. Especially for solving the serious problems confronting the developing countries—underdevelopment, food, foreign debt—the premises can ultimately be laid only through the safeguarding of peace. Many speakers who in this context commented on peace and development, became more specific in demanding disarmament for development.

Generally, the Moscow meeting of the parties and movements has shown the magnitude of the challenges confronting humanity today, the whole pile of dangers it must come to control if survival is to be ensured. It also demonstrated that with the threat to existence there have also grown the capacities of the peoples actively exerting themselves on behalf of peace and for solving the global problems. The direct experience that the peace policy of the Soviet Union and the socialist community wholly accords with mankind's very own interests bolsters the strength and confidence of the worldwide movement for peace and promotes the activating realization: War is no law of nature, an atomic inferno can be prevented and the peace, be ensured. Yet peace is no free gift; to maintain and secure it, one needs the concerted and resolute actions by all revolutionary, progressive, and peace-loving forces, all the forces of reason and realism. The Moscow meeting, 70 years after the arousing peace signal of the Red October, was a step of world historic importance in that direction.

Footnotes

1. Mikhail Gorbachev, "The Red October and Restructuring: The Revolution Continues," NEUES DEUTSCHLAND, 3 November 1987, p 7.

2. Erich Honecker, "Always and At All Times by the Side of the Soviet Union for Peace and Socialism," NEUES DEUTSCHLAND, 3 November 1987, p 2.

3. Ibid.

4. "Mikhail Gorbachev on the Conclusion of the Moscow Meeting," NEUES DEUTSCHLAND, 6 November 1987, p 1.

5. Erich Honecker, "Speech at the International Scientific Conference Sponsored by the SED Central Committee, 'Karl Marx and Our Time—The Struggle for Peace and Social Progress,'" EINHEIT, No 5, 1983, p 426.

6. Erich Honecker, "Socialism's Role as Champion of Peace More Important Today Than Ever," NEUES DEUTSCHLAND, 5 November 1987, p 3.

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BULGARIA

Colombian Foreign Minister Visits, Talks with Zhivkov, Mladenov

22000012 Sofia RABOTNICHESKO DELO in Bulgarian 27 Jan 88 pp 1,8

[Article by Detelin Sertov, RABOTNICHESKO DELO special correspondent: "Development of Bilateral Relations"]

[Summary] Colombian Foreign Minister Julio Londono Paredes was received by President of the State Council Todor Zhivkov and by Prime Minister Georgi Atanasov on 26 January. The previous evening, he was guest of honor at a dinner attended by Milko Balev, Petur Mladenov, Petur Tanchev, and other officials. During discussions on 25 and 26 January, Mr. Paredes and Bulgarian Foreign Minister Petur Mladenov exchanged views on international affairs, welcomed the peace process in Central America, and informed each other about regional and domestic issues. Calling for more effective forms of economic and scientific-technical cooperation, including joint investment, establishment of joint enterprises, and joint marketing arrangements, they noted that the mixed Bulgarian-Colombian Commission for Economic and Scientific-Technical Cooperation could work out details. Mr Paredes also discussed cultural affairs with Deputy Foreign Minister Mariya Zakhariyeva during his brief visit.

POLAND

Party Activities Calendar 9-22 November 1987

26000134 Warsaw ZYCIE PARTII in Polish No 24, 2 Dec 87 p 21

[Unattributed article: "Party Chronicle: 9-22 November 1987"]

[Text] Sessions of the Central Committee Politburo:

The Politburo

10 November

—considered the country's current sociopolitical situation and examined the course of the reorganization of national agencies;

—accepted materials for the Sixth Central Committee Plenum;

—approved the activities of the Polish delegation to the celebrations of the 70th anniversary of the Great October Socialist Revolution and to the meeting of the representatives of parties, movements, and social and political organizations in Moscow;

—accepted a report on the results of the visit of the Prime Minister of Hungary Karoly Grosz.

17 November

—The Politburo examined proposals for measures to markedly expand housing construction and the implementation of its recommendations for eliminating manifestations of economic pathology.

—It was resolved that the Sixth Central Committee Plenum will be held in the form of two sessions. The first session will be held on 25 November and the second in mid-December.

Session of the Central Commission for Cooperation Among the PZPR, the ZSL [United Peasant Party], and the SD [Democratic Party]

9 November

—In the Royal Castle in Warsaw was held a festive session of the Central Commission for Cooperation Among the PZPR, the ZSL, and the SD in the presence of PRON [Patriotic Movement for National Rebirth] signatories and members of the Presidium of the PRON National Council. The session was attended by members of the PZPR leadership headed by Wojciech Jaruzelski.

Conferences and Meetings

9 November

—The Commission for Complaints, Grievances, and Signals from the Population analyzed letters sent to the party concerning problems relating to the second stage of the economic reform and the referendum. It also considered a report from the Director of the Bureau of Letters and Inspections under the Central Committee Marian Kot concerning the letters and complaints received in the second and third quarters of this year. The deliberations were chaired by Politburo Member Alfred Miodowicz.

—The Commission for Law, Legality and Moral Health under the Central Committee discussed the basic directions of the reform of penal law and its adaptation to the needs ensuing from the development of socialist democracy. The deliberations, chaired by Central Committee Secretary Stanislaw Ciosek, were attended by Politburo Member and Chairman of the CKKR [Central Control and Audit Commission] Wlodzimierz Mokrzyszczak.

—The Commission for Resolutions and Recommendations for the Sixth Central Committee Plenum, appointed at the last session of the Central Committee, took a position on the draft report and resolution for the Sixth Central Committee Plenum. Its deliberations were chaired by Politburo Member and Central Committee Secretary Jozef Czyrek.

11 November

—Problems of culture during the second stage of the economic reform were the subject of a meeting between Central Committee Secretary Andrzej Wasilewski and Deputy Prime Minister and Chairman of the Planning Commission Zdzislaw Sadowski. The meeting was attended by Director of the Culture Department of the PZPR Central Committee Tadeusz Sawic and Minister of Culture and Art Aleksander Krawczuk.

13 November

—The Commission for Social Policy and Environmental Protection under the Central Committee examined the course of this year's vacation leaves and the status of the rural health service. Its deliberations were chaired by Politburo Member Kazimierz Barcikowski.

14 November

—In the Central Committee building was held a meeting between Politburo Member and Central Committee Secretary Jozef Czyrek and the chairmen of voivodship commissions as well as the Taskforce for Merited Activists of the Worker Movement under the Central Committee. The meeting was chaired by Taskforce Chairman Wladyslaw Honkisz.

18 November

—Problems of the second stage of the economic reform were the subject of a meeting between Politburo Member and Central Committee Secretary Marian Wozniak and foreign correspondents from the socialist countries as well as the legal advisers attached to the embassies of these countries in Poland. The meeting was chaired by Deputy Director of the Foreign Department of the PZPR Central Committee Janusz Lewandowski.

—Politburo Member and OPZZ [National Trade Union Alliance] Chairman Alfred Miodowicz paid a working visit to the Social Insurance Administration, where he held a talk with the Administration's executives and members of the Supreme Supervisory Council.

20 November

—Politburo Member and Central Committee Secretary Tadeusz Porebski met with a group of scientists from 10 socialist countries attending the Scientific Session on 20 Years of the Intercosmos Program organized in Warsaw.

At Party Echelons and Organizations

9 November

—Politburo Member and Central Committee Secretary Tadeusz Porebski took part in the starting deliberations at the Congress of Polish Philosophy in Krakow.

—Politburo Member and Minister of Internal Affairs Arms General Czeslaw Kiszczak attended the opening of the modern hospital of the Ministry of Foreign Affairs in Glucholazy, Opole Voivodship.

12 November

—Politburo Member and OPZZ Chairman Alfred Miodowicz visited the workforce of the Lenin Iron and Steel Plant and discussed with it the second stage of the economic reform and the referendum.

13 November

—Politburo Member and Central Committee Secretary Tadeusz Porebski met in Siedlce with the political-administrative heads of the voivodship and the PRON. He also met with the aktiv of the MOSTOSTAL Plant.

16 November

—Candidate Member of the Politburo and Secretary of the Central Committee Zbigniew Michalek took part in a meeting with the inhabitants of Witonia Gmina, Plock Voivodship.

—Politburo Member and Central Committee Secretary Marian Wozniak took part in an open party meeting at the Garwolin Construction Enterprise.

19 November

—The Warsaw PZPR Committee discussed at a joint meeting with the Warsaw Control and Audit Commission the tasks of the party organization in the Nation's Capital relating to personnel policy in the second stage of the economic reform. The deliberations, attended by Politburo Member and Chairman of the CKKR [Central Control and Audit Commission] Wlodzimierz Mokrzyszczak and Director of the Personnel Policy

Department of the PZPR Central Committee Wladyslaw Honkisz, were chaired by Candidate Member of the Politburo and First Secretary of the Warsaw PZPR Committee Janusz Kubasiewicz.

—As part of a series of civic meetings, Politburo Member and Central Committee Secretary Jan Glowczyk met in Lodz with press, radio, and television personnel, while Politburo Member Zofia Stepień met with representatives of Lodz women.

—Central Committee Secretary Stanislaw Ciosek took part in the regular television meeting in Garwolin.

The Following Members of the Party Leadership Attended Civic Meetings Prior to the Referendum

20 November

—Prime Minister Zbigniew Messner, in Katowice Voivodship;

—Jozef Baryla, in Bydgoszcz;

—Florian Siwicki, in Strzelcy, Pila Voivodship;

—Zbigniew Michalek, in Opole Voivodship;

—Kazimierz Cypryński, in Szczecin;

—Andrzej Wasilewski, in Garwolin.

Interparty Cooperation

9-12 November

—Poland was visited by a delegation from the Science Department of the Central Committee of the Socialist Unity Party of Germany headed by Department Director Professor Hannes Koernig. The delegation met with Central Committee Secretary and Minister of National Education Professor Henryk Bednarski. Toward the end of its sojourn the delegation was received by Politburo Member and Central Committee Secretary Professor Tadeusz Porebski.

13 November

—Politburo Member and Central Committee Secretary Jan Glowczyk received the Director of the daily newspaper RENMIN RIBAO of the Central Committee of the People's Republic of China, Central Committee Member Quian Liren, during his visit in Poland at the invitation of TRYBUNA LUDU.

15 November

—Director of the Foreign Department of the PZPR Central Committee Ernest Kucza received a delegation of the Hungarian Socialist Workers Party headed by Deputy Director of the Foreign Department Istvan Oeszi.

18 November

—First Central Committee Secretary and Chairman of the Council of State [Wojciech Jaruzelski received] Deputy Chairman of the GDR Council of State and Chairman of the German Democratic Peasant Party Guenther Maleude, visiting Poland at the head of a delegation of the German Democratic Peasant Party. The meeting was attended by the Chairman of the Supreme Committee of the ZSL [United Peasant Party] and Speaker of the Sejm Roman Malinowski. GDR Ambassador Horst Neubauer was present.

—Politburo Member, Central Committee Secretary, and Chairman of the Sejm Commission for Foreign Affairs Jozef Czyrek received the member of the Socialist Party of Austria and Chairman of the Foreign Affairs Commission of the Austrian Parliament Peter Jankowitsch during the latter's visit to Poland.

13-20 November

—Poland was visited by a delegation of the Socialist Party for Arab Renewal (Ba'ath) from Iraq, headed by Director of the Foreign Affairs Department Taha Yassin Al-Basri. The delegation held talks with Politburo Member and Central Committee Secretary Jozef Czyrek and the directors of the Foreign Affairs and Propaganda departments of the Central Committee, Ernest Kucza and Jozef Barecki.

16-20 November

—Warsaw was visited by a delegation of the Central Committee of the Socialist Unity Party of Germany headed by Deputy Director of Culture Department Rudi Raupach. The guest was received by Director of the Culture Department of the PZPR Central Committee Tadeusz Sawic.

19-21 November

—Chairman of the PRL [Polish People's Republic] Council of State Wojciech Jaruzelski paid an official visit to Greece. The official delegation accompanying the Polish leader included Politburo Member, Central Committee Secretary, and Chairman of the Sejm Commission for Foreign Affairs Jozef Czyrek.

20 November

—In Athens was held a meeting of the PZPR delegation headed by Politburo Member and Central Committee Secretary Jozef Czyrek with a PASOK delegation headed by Jorgos Papandreu, a member of the Executive Bureau of that party. Aspects of PZPR-PASOK cooperation were discussed.

1386

PZPR CC Meeting on Mass Media Openness

26000161c Warsaw ZYCIE WARSZAWY in Polish
26 Jan 88 p 2

[Text] The PZPR CC [Central Committee] Commission on Propaganda Affairs met on 25 January of this year in Warsaw to discuss "The role of the mass media in the conditions of socialist pluralism and the growing significance of social opinion in light of the resolutions of the VI Plenum of the PZPR Central Committee and the referendum results."

The basis for discussion was the materials prepared by three working groups of journalists and press experts.

Commission members emphasized that the policy of reform, renewal and national understanding outlined by the IX and X party [PZPR] congresses requires of the entire propaganda system—including specific editorial groups—an improvement in its work practices. It was underscored at the same time that the characteristic of the new information policy is its openness. How the mass media is to function in the currently existing pluralism of views and opinions was particularly stressed. The implementation of these ever-increasing tasks, as was stressed, requires a considerable improvement in the technological and material conditions in the way the press, radio, television and press journalists function.

The following took part in the discussion: Stanislaw Glen, Stanislaw Kwiatkowski, Leslaw Wojtasik, Jerzy Fiedosiejew, Krzysztof Mikołajczyk, Leszek Miller, Wieslaw Rydygier, Mieczyslaw F. Rakowski, Henryk Urbanowski, Juliusz Kraus, Tomasz Goban-Klas, Artur Howzan, Janusz Roszkowski, and Franciszek Lewicki.

PZPR CC Secretary and Politburo member, Jan Glowczyk, also commission chairman, led the session and summarized the discussion.

SD Youth on Electoral Law

26000161a Warsaw TRYBUNA LUDU in Polish
23-24 Jan 88 p 2

[Text] The proposed changes to the electoral law in the peoples' councils, in light of the movement toward democratization in the country's political life, was the subject of a plenary session of the National Council of Young Democrats of the Democratic Party [SD]. Referring to the points brought out in the discussion, Alfred Beszterda, deputy chairman of the National Council of

PRON [Patriotic Movement for National Rebirth], acquainted the participants of the meeting with PRON's position taken at its 18 January plenary session.

Consultative Council Anniversary Review Focuses on Reform, Economic Issues

26000129 Warsaw TRYBUNA LUDU in Polish
8 Dec 87 p 2

[Article by Jadwiga Wiecek (PAP): "Recommendations, Comments, Assessments Do Not Remain Unanswered" subtitled "On the First Anniversary of Establishment of the Consultative Council under the Chairman of the Council of State"]

[Text] The proposals, comments, doubts, and questions voiced at sessions of the Consultative Council under the Chairman of the Council of State do not pass without an echo. The members of the Council express their opinions on not only particular problems ensuing from the topics under discussion but also, when taking the floor, on varied aspects of the Polish political, social, and economic reality. All these recommendations and suggestions are, irrespective of their the extent of their feasibility or objectivity, continuously and meticulously recorded, complemented, and transmitted verbatim for investigation and elucidation to appropriate national agencies. Every Council member is subsequently provided at the Belvedere with written answers and positions presented by the government, the ministries, the Attorney General, and other national agencies.

At one session Wojciech Jaruzelski declared, "Once again I invite you all to familiarize yourselves with the extensive materials received in response to the issues raised here. It seems to me that the explanations thus received are competent and thorough." He also stressed that the creative and responsible comments made on the forum of the Council are of assistance to the state's decisionmaking. Thus, this form of consultation is beginning to meet the expectations attached to it by providing a new access road to opinions, appraisals, knowledge of facts. This is worth bearing in mind on the first anniversary of the formation of the Consultative Council.

The fate of the recommendations offered at sessions of the Consultative Council and of their responses from the concerned institutions is being followed in the Belvedere by Anna Karas. She allowed this reporter to peek at a dossier on the penultimate, fourth meeting of the Council, considering that the responses to the recommendations offered during that October meeting are still coming in.

The topic of that meeting was the study "From Diagnosis to Action" by Professor Jan Szczepanski. Twenty five recommendations, critical assessments, and questions and issues requiring elucidation had been recorded at that time. Fourteen national agencies responded on these matters. Let us dwell in some detail on several issues which may be of growing concern to the society.

How to Improve the Quality of Work?

Professor Zbigniew Wierzbicki (sociologist, nonparty member, close to Catholic circles) had proposed, among other things, that the quality of work be improved, even if at the price of unemployment. He declared, "Shoddy workers, superfluous people or those who demoralize the others by their drunkenness, must go. A selection is necessary, just as an increase in wages with increase in labor productivity is necessary. We have been viewing unemployment through the prism of the 19th century, and this seems to me a mistake, because in the 20th century this problem now looks different in the countries of our West European cultural reach [as published]. It is a psychological and sociological rather than economic problem."

Upon receiving this comment, the Ministry of Labor, Wages and Social Welfare (now the Ministry of Labor and Social Policy) replied that yes, indeed, a low quality of work or even a kind of work pathology is a universal phenomenon in Poland and the factors influencing this situation vary. Many measures to restore the social prestige of labor as an indispensable prerequisite for achieving the fundamental goals of the state's economic policy in the next few years are being taken. [A note from the editors: the assumptions of the second stage of the economic reform point directly to an inseparable relationship between reform undertakings and the need to restore the work ethic.] In the dossier we read, "The effect of economic factors on the worker should be so strong as to prevent his indolent 'vegetable existence' at successive workplaces. The macroscale consequences of such an effect may, to be sure, result in the rise of some labor force surpluses during transition periods, but such surpluses will be redeployed to a broadly conceived domain of social services upon assuring proper reclassification of skills. In practice, thus, the eventual manpower surpluses will be absorbed in their entirety. All this requires streamlining the organization of the labor market, but this does not necessarily mean the existence of unemployment in the economic as well as psychosocial meaning of the term. In the light of the assumptions of the second stage of the economic reform, the assurance was given that governmental agencies will bear the responsibility for adhering to the Constitutional labor law. Work is still under way on amending the labor law so as to streamline and rationalize employment and stimulate occupational and professional activism. The Minister of Labor and Social Policy is personally responsible for this." It was this minister too who was placed under the obligation of verifying and ordering the regulations on employment and personnel policies by July 1988.

The entire system for reforming the Polish economy is intended to make it impossible for any enterprise and any employee team to profit from an indulgent treatment of loafers; it also is intended to make wages correspond to actual work performance. For some time now, criteria for evaluating and organizing labor are

being developed and forms of teamwork, especially brigade and partner production groups, are being propagated. The Ministry predicts a stable valuation of labor, job certification and reviews, and the formation and expansion of a set of standards for a reliable determination of the quality and quantity of work performed, with wages to be contingent thereon.

The government's responses to Professor Wierzbicki also contain a comparative analysis of work hours and productivity in Poland and other countries. They thus also represent an answer to the recommendations by Professor Tadeusz Koszarowski (oncologist, nonparty member), Witold Lasota (columnist, Democratic Party member), and Professor Janusz Tymowski (PZPR).

The Polish system of statistics covers regular and overtime hours of work. The related figures indicate that the actual work week, including overtime hours, is 35.7 hours in industry, 36.2 hours in construction, 39.5 hours in transportation and communications, and 35.2 hours in trade. A longer work week, more than 40 hours, applies in, among other countries, Czechoslovakia, Holland, Japan, the FRG, Switzerland, the United States, Great Britain, and the Soviet Union. This provides plenty of food for thought. It should be considered, moreover, that the shortening of the work week in our country is not being accompanied by a commensurate increase in labor productivity. In this respect Poland lags behind such countries as Czechoslovakia, the GDR, Hungary, and the Soviet Union, let alone the Western countries.

The Future of the Nuclear Power Industry

A major part of the comments by Professor Z. Wierzbicki, as well as by other members of the Council, dealt with the portentous problem of the development of nuclear power industry in Poland. In the opinion of Professor Z. Wierzbicki, Europe, including Poland, has become so frightened by the Chernobyl Catastrophe that since then nuclear power and its eventual development have become a widely discussed issue. Anxiety and apprehensions about the fate of the next and the still unborn generations are necessitating a far-reaching and unhampered discussion, the professor stressed, offering the reminder that the Polish Ecological Club had proposed a general public discussion of this issue in its open letter to the Speaker of the Parliament. In conclusion, Professor Wierzbicki proposed that the decision to build the second nuclear power station in Poland be either reconsidered or submitted to a public referendum. It is worth noting that during the deliberations this position was opposed by Professor Stefan Wegrzyn (computer science and automation expert, nonparty member), who declared, "It seems to me that the society still does not clearly grasp the growing peril of an energy shortage in Poland. For we have reached the ceiling of black and brown coal extraction (200 and 80 million tons, respectively), a limit which we can no longer exceed. Hence, nuclear power stations are becoming a necessity. We

must make the society understand the fact that, as a country, we are ceasing to be an energy exporter and becoming an importer, because we will have to import in its entirety the fuel for the future nuclear power stations."

Responding to the reservations raised, the then Ministry of Mining and Power Industry argued that in the year 2000 the energy demand in Poland will require consuming 320 million adjusted tons of fuel while the supply may at most reach 250 million tons if proper conservation measures are taken. This equation may be to some extent balanced by, e.g., regulating the water systems and utilizing solar and wind energy, but this in itself will not completely balance supply with demand. In some Western countries the use of nuclear power is supposedly being abandoned but in reality the situation is different. Last year in France nearly 70 of the power supply originated from nuclear power stations; in Belgium, 67 percent; in Sweden, more than 50 percent; in Switzerland, about 40 percent; in Finland, more than 38 percent; in Bulgaria, 30 percent; in the FRG and Spain, 29.4 percent each; in Hungary, 25.8 percent; in Japan, 24 percent; and in Czechoslovakia, 21 percent. The Ministry's letter further states, "The development of the nuclear power industry in Poland is dictated by the concern for reducing the energy shortage, because, considering the difficult economic situation of this country and our substantial foreign indebtedness, there are no possibilities for importing energy or expanding the—increasingly costly anyway—extraction of black coal. A resolution of the Polish Parliament of March 1985 presupposes—as a minimum—the opening of three nuclear power stations with an aggregate installed capacity of 7,860-9,060 megawatts within the next 15 years." Further still, the letter emphasizes that the nuclear power industry, which has actually been in operation for the last 33 years, has a lower record of breakdowns and their consequences than any other form of generation of electric power. However, the Chernobyl disaster has also made clear the importance of assuring the safety of nuclear power stations on the international scale; it has demonstrated that even the total abandonment of the construction of nuclear power stations by any one country does not protect the people of that country against the peril. The only safeguard is assuring maximum safety already in the design stage and thereupon utilizing the worldwide accomplishments in this field during the stage of construction and operation of the stations.

Our nuclear power stations will be safe. As known, Zarnowiec is the site of the construction of the first Polish nuclear power station; the siting of the second at Klempicz on the Warta, in Pila Voivodship, was decided upon last June following years of discussion and negotiations in which a group of independent experts participated side by side with many research and state institutions. The selection of that site was supported by ecological considerations, transportation conditions, the conditions for power transmission, the limited areas of arable land, etc.

Foreign Capital in Polish Investments

Another issue: the writer and columnist Jan Meysztowicz (nonparty member, member of the Christian Social Association [ChSS]) declared, "Encouraging foreign capital to participate in investment projects within Poland is an urgent and undeniable need of the national economy. But the Polish law on joint ventures does not offer adequate safeguards to potential foreign investors and is uncompetitive compared with the pertinent laws adopted in the other socialist countries. The Polish law scares foreign investors away by its excessive emphasis on government intervention."

A reply on this matter was provided by the secretary of the Committee for the Economic Reform under the Council of Ministers. He wrote that he not only shares the opinion of the member of the Consultative Council but also that it is consonant with comments by foreign entrepreneurs interested in investing in Poland. The law scares them away instead of attracting them. Although one and one-half years have passed since the promulgation of that law, the number of applications by foreign investors has been nugatory. This impasse can be overcome by rapidly issuing new implementing regulations that reinterpret the law. Work on such regulations, making it more attractive for foreign capital to cooperate with Polish joint-stock companies, is already in progress. This will affirm the intention of the government of the PRL [Polish People's Republic] to grant maximum advantages ensuing from the letter of the law. Among other things, the formation of a duty-free industrial zone, a long-discussed subject, is being envisaged. Such a zone may eliminate the major obstacle represented by the nonconvertibility of the zloty to the foreign investor. Siting that zone in the Bay of Szczecin is being considered. The letter from the secretary of the Committee for the Economic Reform also stated that the establishment of such a hard-currency enclave may provide a major stimulus for the growth of many domains of our economy, including coproduction supplies and parts shipments in return for hard currencies. This should make it possible to overcome the bureaucratic-fiscal barriers and awaken the interest of foreign investors.

The Fight Against Alcoholism

Several members of the Consultative Council pointed to alcoholism and drunkenness [as published], in their diagnoses of the Polish malaise, as causes of the decline in the work ethic, the disintegration of the family, and the breaches of moral and legal norms. This was also discussed by Professor Janusz Szosland (textile engineer, nonparty member). Upon familiarizing themselves with these comments, two ministries—the Ministry of Internal Trade (now of the Internal Market) and the Ministry of Internal Affairs—reported in detail on their implementation of tasks ensuing from the Sobriety Decree and stressed the much more energetic measures being taken following the promulgation of the government program for combatting social pathology and crime. A definite

reduction in the number of instances of illegal production of alcoholic beverages has been achieved, and the effectiveness of law enforcement with respect to speculation in alcohol has been enhanced. For example, during the first half of this year approximately 3,000 moonshine stills and 9,000 speakeasies were uncovered.

Both ministries stated that the curtailment of the number of illegal stills and speakeasies has not been sufficiently effective in view of the passive attitude of citizens, and especially their reluctance to cooperate as witnesses. Instances of a tolerant attitude toward drunkards and those facilitating their drinking still persist. Even so, however, the decisions of the Central Committee Politburo of last July, which recommend to the government a tightening of the program for combatting alcoholism and a more resolute enforcement of the Sobriety Decree, already are bearing some fruit. It has turned out that this year there has been a little less drinking in Poland than last year.

Integration of Socialist Countries

The comments by Professor Piotr Zaremba (urbanistic planner, PZPR member) dealt with nondomestic matters, namely, the integration of the socialist countries. This issue has been gaining in importance in view of the changes taking place in the economy and political life of the countries of the socialist community. Professor Zaremba emphasized, "Our society is asking why is it that the EEC countries of West Europe have succeeded in uniting themselves in their economies, passports, visas, and customs duties, while the CEMA countries are, after 40 years, still separated from each others by cumbersome and constantly changing customs, tourist, and financial barriers?" The Ministry of Foreign Trade (now the Ministry of Foreign Economic Cooperation) admitted in its reply that the member countries of CEMA are aware of the underdevelopment of their economic cooperation and integration. They perceive the necessity of refining the mechanisms of cooperation as the basic premise for a more rapid growth of productive forces and improvement in living standards. There also exists the political will for accomplishing the desired changes, as reflected in the decisions taken during a meeting of the leaders of the communist and worker parties of the CEMA countries last November when the directions of the restructuring of CEMA with the object of closer integration were outlined. Poland is postulating, among other things, a greater role of economic and currency-financial instruments of cooperation (prices, rates of currency exchange, currency convertibility, the introduction of a free-trade zone, and a customs union) and a restructuring of the organization and operation of the machinery of CEMA. Of special interest to the Polish side are problems of coordinating economic policy and science and technology progress, joint investments, and new forms of direct cooperation between enterprises. These were the objectives of the recent Extraordinary 43rd Session of CEMA. In this case too, the schedule of the second stage of the economic reform should be

consulted. For it includes a note addressed to the chairman of the Planning Commission under the Council of Ministers and the Minister of Foreign Economic Cooperation, requiring them to create, early next year, the conditions for closer cooperation with the socialist countries and for direct cooperation between and among enterprises of CEMA countries. As can be seen this is in line with the suggestions of the member of the Consultative Council.

Urban Planning

Professor Halina Skibniewska (architect, nonparty member) raised the issue of urban planning. She declared that the socially most valuable areas are being built up in a manner contrary to urban plans, encroaching indiscriminately upon the already scarce greenery without realizing the consequences. She cited such examples as Warsaw's proposals for building up the Siekierski Bend, the Natolin Escarpment, and the remains of the Mokotow Common. The mayor of Warsaw was obligated to respond, and his letter declares that not one of the housing projects in the region of Natolin will encroach upon the protected old river-bed of the Vistula, and that, to be sure, a housing project consisting of one-family homes will arise in the Siekierski Bend, but it will not disrupt air circulation over Warsaw and will not either violate the decisions of the master plan; as for Mokotow Common, a prohibition against erecting any structures other than those already specified in the land use management plan for Warsaw's downtown area has been introduced. Thus only a swimming pool, a roofed "coliseum," and an AZS [Student Sports Union] Center will be erected there. On the other hand, as for the temporary structures that have arisen in the northern part of the Common, these shall be demolished....

Following the perusal, in the office of the chairman of the Council of State, of the dossier on the results of the sessions of the Consultative Council, two major conclusions suggest themselves above all: every specifically addressed and detailed critical opinion has met with an honest and considerate response, and some of the desiderata expressed by the members of the Consultative Council are consonant with the changes in public life that are or shall be taking place in Poland in the immediate future in connection with the program for economic and institutional reforms.

1386

Sample Reactions to SD Sejm Initiative on Role of Intelligentsia

26000120a Warsaw KURIER POLSKI in Polish
27 Oct 87 pp 1,3

[Article by Halina Gorska, Piotr Kozub, Andrzej Karnowski, Maria Lesnikowska: "The Intelligentsia's Ranking Grows: To Change the Constitution"]

[Text] At the last session of the Sejm the SD [Democratic Party] Delegates Club, speaking for a consistent, broad program of democratization of the state and public life,

moved to introduce an amendment to an article in the constitution proposed by the SD. An amendment saying that the intelligentsia, together with the working class and peasants, is one of the sovereign groups of authority in the Polish socialist state.

How do you feel about this? We went with this question to representatives of various professions and circles.

Prof. Tadeusz Gliwic, economist: A believe the initiative is a good one. The new article would emphasize the role of the intelligentsia in the life of the state. The intelligentsia that comes from among peasants and workers as well as the former intellectual class. It would be the crowning of the alliance entered into at the moment of the origin of the first Democratic Club and one can only be pleased that at least this issue has been raised in our highest forum. Admittedly, the differences between strata and classes are being obliterated today, but every group has a specific place in our reality and it would be good if a legal instrument of the highest rank would reflect that reality.

Teresa Garnarczyk, director of the Stefan Batory Secondary School II in Warsaw: I am not surprised by the question. I have had an opinion on the partnership role of the intelligentsia in our life for some time and I can only be surprised that such an article has not been in operation up to now. I feel that first, for that group of people it would be a stronger commitment to participation and joint responsibility. Secondly, one cannot set aside what has occurred in our society in an intellectual sense in the 40 years of People's Poland. The modern intelligentsia is mainly the children of peasants and workers. But there is a certain inconsistency here. For example, we teachers have an enormous influence on the attitude of workers and peasants, if only by interpreting readings, events, etc. Yet our profession, as a typically intellectual one, does not have a proper ranking, which is expressed in its poor material remuneration. And can a person with the feeling of being undervalued emanate enthusiasm, which is so necessary in working with the younger generation?

An article on partnership in government certainly will not solve these problems but it will create a proper climate for them. And most of all, it will acknowledge the intelligentsia. In following history, one has to be aware that the great movements that moved humanity forward, including the October Revolution, had their great leaders in distinguished individuals who belonged to the class we are discussing.

Jaroslaw Spyra, fourth year student in the Journalism and Political Science Department at Warsaw University: An amendment? In my opinion, the intelligentsia should be acknowledged every day. So I see the solution first of all in implementing a policy that would emphasize the role of the intelligentsia in society and not diminish it, as was the case up to now.

Franciszek Trzeciak, film director: Let people govern who are knowledgeable and educated, who know foreign languages, who study abroad. Hence the intelligentsia. I stand mainly on young people, who come from numerous circles, full of enthusiasm and creative. Because these are the kind of people we need most in government.

And what about the possible amendment to the article in the constitution on the subject of people empowered to govern? Yes, I am in favor of such an amendment, but I wonder what must be done so that this article would not be just an empty declaration, but that it would bring concrete changes to life, sanctioning the role of the intelligentsia in government. For the time being it seems to be hidden.

Jerzy Rusecki, chairman of the Ideological Group of the SD's Central Board: The party has fought for some time for recognition of the role and ranking of the intelligentsia in the state and society. One can go to the documents of the SD's Twelfth Congress, where this concept appears, later expanded in the documents of the Thirteenth Congress. The notion of acknowledging the intelligentsia as a fully vested group empowered to govern in the PRL was formulated in a resolution at the Central Board Sixth Plenum, which bound SD delegates to propose this initiative in the Sejm. And that is exactly what happened. It is a reflection of trends occurring in the entire contemporary world—the role of the intelligentsia grows along with technological progress and economic development. It is hard to imagine the second stage of reform, the release of initiative, full exploitation of knowledge, of innovation and economic reasoning with satisfying the group that best represents these characteristics. The point is not only satisfying it but also improving the status of the intellectual on the social and financial plane. The prewar phrase, "bare-bottomed intellectual" must finally become obsolete.

Dr. Zdzislaw Jarosz, Department of Law and Administration, Warsaw University: A good concept. It fits the expanding role of the intelligentsia in Poland's economic and social life. I see as appropriate the suggestion for developing in future constitutional provisions statements on the principles of democracy, as regards its substance (a clear definition of the social sovereigns of government: the working class, peasants and the intelligentsia), as well as the fundamental forms for effecting it. The present rules of Article 2 of the constitution in this regard, even after the amendment on the referendum in May of this year, are not compressed enough and do not take into account the forms of its realization that should occur, the growth of self-management for example.

It is understandable that SD representatives are broaching the issue of the intelligentsia's role. I would like to note that it has also been found in such basic documents of the PZPR as the party platform adopted at the Tenth Congress and the declaration, "What we are fighting, where we are going," which it was stated, "It is necessary

to fortify the alliance between the working class and peasants and the intelligentsia. This arises from the quality of the goals of the working world; it ensures a high ranking for the intelligentsia and the opportunity to achieve social and professional aspirations in service to the nation."

Anna Kaminska, librarian at Main People's Library: I do not understand the concept of the intelligentsia very well. I assume that as a person with a higher education, with research publications, I belong to that group. But does the girl at the post office who affixes stamps belong, or is the technician who assembles or maintains integrated circuits a worker, or a graduate of the Central School of Agriculture who actually has his own farm but in his free time is just as well acquainted with literature as I—is he a peasant? Despite these uncertainties, I like the concept—maybe finally we will stop being treated worse—at least materially—than, for example, the drunk who is trying to apply plaster in my building or the cleaning lady.

Eugeniusz Zak, farmer, village administrator from Konstantynow, Blonie gmina: I admit that I have sometimes wondered why educated people were supposed to be the worse group. As one of those having joint control, a farmer, a peasant from time immemorial, I would not feel limited in my rights at all if I had to take into account the opinion of an intellectual. If he persuades me, I will say: you are right, brother, and offer him my hand. I cannot imagine that I myself should not reckon with my own son because I run a farm and he works in an office. We are both doing what we should: I grow potatoes, sow grain, raise hogs and he has his own duties. Why should I not share power with him? That is a kind of symbolic example because we know that the point is not about me and my boy specifically, but about us as a nation in which whole groups should not be shunted aside just because they do not plant or work in a factory.

Dr. Witold Tluchowski, from the Academy of Medicine in Warsaw: Amending the article in the constitution would make it legitimate for the intelligentsia to govern the country jointly. The triumvirate of intelligentsia, workers and peasants would sanction the significance of all social strata and classes in every way. Then the ranking of the intelligentsia would also rise. Today we know that an intellectual is often ashamed of his status. He abandons his profession and goes into manufacturing. He prefers to be a worker. No, not an ordinary ditchdigger, but a 21st Century worker. An expert running modern machinery, standing in front of an automated line, preferably in his own shop. Perhaps the proposed change in the constitution would acknowledge the value of the intelligentsia, which now feels unappreciated, not only from a material standpoint.

Sejm's 'Society in Support of Economic Initiatives' Described

26000124 *Kielce SLOWO LUDU in Polish*
28-29 Nov 87 p 6

[Interview with Marcin Borowicz, secretary, Sejm's Socio-Economic Council, by Krzysztof Strzelecki: "Like Wokulski in Paris?: Sejm Member Discusses 'Society in Support of Economic Initiatives'"]

[Text] [Question] The Council chaired by Vice Speaker of the Sejm Mieczyslaw F. Rakowski, and whose secretary you are, has so far been known mainly for its numerous and mostly very critical opinions on the documents presented to the PRL [Polish People's Republic] Sejm by the government. Likewise, during its recent, 20th session the Council commented critically on the report of the government concerning the implementation of the recommendations offered during the 1985 electoral campaign. But this time your Council, instead of resting content with verbal criticism, has also launched the initiative—fascinating to some and puzzling to others—of establishing the TWIG [Society in Support of Economic Initiatives].

[Answer] Let us make it clear from the outset that this is not the first time that our Council has, in accordance with its competences, done more than merely evaluate problems upon the recommendation of the Sejm Presidium by initiating its own concrete measures. This also happened when we considered the problem of the use of a noxious material like asbestos in construction and other branches of the national economy, and similarly when we had prepared a report on the status and development prospects of so-called small-scale power industry. Even so, however, those who view our TWIG initiative as a qualitatively new stage in the activities of our Council are certainly right. For, without ceasing to function as a "critical reviewer," our Council desires at the same time to demonstrate in practice, by means of the TWIG, its possibilities for positive and creative action in the domain of production, the domain in which the future of Poland will be ultimately decided.

[Question] But many institutions are or at least should be active in that domain, and at the same time the assumptions of the second stage of the economic reform stress creating mechanisms that are to regulate that productivity automatically as it were.

[Answer] It may be that if the second stage of the economic reform, together with well-functioning mechanisms such as the ones you refer to, were already behind us, our initiative might be superfluous. But, first, this is not so. The resolution of our Council concerning the TWIG clearly states, "The experience of recent years points to the existence of real forces that are not, for various reasons, interested in reforming economic and social life. We must oppose to these forces a resolute

pro-reform movement." Secondly, nothing is ever decided once and for all, and the exploration of new and better solutions is an inseparable element of any progress.

[Question] Agreed. So then how about being more specific? What people do you intend to associate within the TWIG?

[Answer] Generally speaking, productively resourceful individuals, representatives of workforce teams as well as individuals who rise above the average and are struggling against bureaucratic straitjackets or, what is hardly new, against "disinterested envy." There are many such individuals, and many such enterprises. It is not accidental that we perceive the future of the TWIG to be linked to such enterprises as, for example, the Lodz TEOFILE, the JELCZ near Wroclaw, and the "Polskie Nagrania" Company which, under its new management, has in a remarkably effective manner distanced itself from the specter of bankruptcy. We value the very lively response to the Council's initiative throughout Poland and in all the sectors of the economy, from the big combines through cooperative plants to private craftsmen. The TWIG still remains in the stage of an idea sanctioned by the Council's resolution, but even now our telephones are ringing with messages from callers interested in our initiative.

[Question] Don't you feel a little like Wokulski receiving Suzin's weird clients while in Paris?

[Answer] I don't have, meaning we don't have, for the time being, those millions. But in general I am receiving a great many proposals from potential Professor Geists rather than from eccentrics or crooks. [Wokulski, Suzin, and Geist are characters from "The Doll," a novel by Boleslaw Prus. Wokulski is a hardworking and successful Polish businessman; Suzin is his Russian partner; Professor Geist is the inventor of a metal lighter than air that is supposed to bring happiness to mankind.] This may sound immodest, but we at the Council feel highly gratified because real life is confirming the intuitions on whose basis the idea of the TWIG has been conceived. Examples? Let me cite just two: we are being contacted by quite a few individuals, authors of valuable improvements or even patents which for various reasons have not yet found application. At the same time, we already are meeting with instances of genuine interest in the TWIG by the "captains" of big industrial plants. One of them told me, "Could the status of the TWIG be changed to that of a public service society, because then I could immediately transfer to you substantial funds without detriment to the workforce and growth prospects of my company? Of course, not disinterestedly...."

[Question] Yes, precisely, what might and perhaps will be the interest of such "shareholders" in the establishment and development of the TWIG?

[Answer] Since we are adhering firmly to the realities of the pro-reform line represented by our Council ever since the first days of its existence, it is clear that we likewise do not view the TWIG as a charitable institution or one living off dole. Anyone who wishes to join the TWIG should view it as promoting his personal gain. The Society must prove its viability by earning its own keep and hence also broadening its promotional, popularizing, and interventionist activities. How to accomplish this? I have already mentioned the "shelf patents." And, for example, what is preventing us from establishing our own innovations-promoting enterprise or assuming the ownership of some economic organization engaging in such activity, in line with the statement of Prime Minister Zbigniew Messner, "Everything that is not forbidden is permitted"?

[Question] Is the TWIG, an acronym which some people associate with an once popular British fashion model, to be a kind of competitor with respect to similar organizations in Krakow that are rather limited to private producers and recently also, on the initiative of your ex-colleague from POLITYKA, Aleksander Paszynski, in Warsaw?

[Answer] First, I could call Paszynski my "ex-colleague" only in the sense that we both are no longer working for POLITYKA. Second, about competition, that is partially true, although the TWIG is chiefly to support the socialized sector. And lastly, third, whoever associates our TWIG with Miss Twiggy, let him bear in mind that she was both effective and efficient; she was successful.

[Question] While I wish the TWIG at least the same career, it is my understanding that this Society still exists on paper only, as a resolution of the Socio-Economic Council. What is your future "scenario" like?

[Answer] I believe that by the end of November we shall succeed in getting together and meeting several score individuals, both Council members and outsiders, who would serve as the founding group, draft the program declaration and statute of the Society, and have it formally registered even before this year is over, I hope.

[Question] The Council's initiatives also include proposals for establishing an award for persons successful in overcoming barriers to rational action, and for supporting such endeavors. The award would be named after Profesor Tadeusz Kotarbinski who, in his "Treatise on Good Work," stated what sounds like the point of this entire interview, "There then arise situations in which action is not only possible but imperative...."

[Answer] Yes, but let me also offer the reminder that the patron of our eventual future award had also previously made the following pertinent observation, "Whoever has talked too much in the station waiting room and missed the departure of his train, is responsible for having remained behind, inasmuch as it was his conduct while conversing that determined whether he would depart or

stay. He is responsible for having missed the train even though that was not his intention, and was even contrary to his intentions." At any rate, we at the Socio-Economic Council do not intend to act like chatterboxes who miss what perhaps may be the last train.

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Rakowski Recalls Political Past, Role of Intellectual Viewed

26000139 Warsaw REPORTER in Polish
No 11, 1987 pp 6-8

[Interview with Mieczyslaw F. Rakowski, Politburo member, by Alicja Basta and Jacek Waloch: "A Promissory Note"]

[Text] [Alicja Basta] I am fascinated by the psychology of politicians. What kind of persons are they? I believe—excuse me for saying so—that they lack imagination and display an unprecedented conceit. Taking responsibility for millions of people, for the destiny of countries, of the entire world even—would that be acceptable to even the wisest man in the world who is aware of the consequences of governing? Any seriously thinking man can hardly cope with his own life alone and is continually exploring solutions to it....

[Answer] That is a pointed beginning of our interview. My readings in history and an attentive, I believe, view of the present suggest to me that there were and are politicians endowed with a great imagination who certainly cannot be accused of any "unprecedented conceit." Rather, they believe in the justice of their goals, but that is another matter. What would you say of a politician who does not believe in the platform he proclaims and the goals which he claims to be close to him? But this is not the end of my answer to your question or more exactly of my personal confession. In my opinion, a politician is a man who has what I would term "the genes of power." Not everyone has such genes. I believe that a man who is part of the apparatus of power, regardless of the rung he stands on, has certain, let us put it this way, predispositions for directing and ruling people. Above all, he desires it, although that desire need not manifest itself directly. To give a personal example, when General Jaruzelski offered to me the post of deputy prime minister, I could have refused it. After all, he would not force me to accept that post. I accepted his offer, because it met certain personal needs. I admit that I had such needs.

[Basta] After all, you had been a member of the highest authorities: the Central Committee, the Parliament....

[Answer] But that concerned a rather formal participation in the exercise of power. I was not one of the decisionmakers, and suddenly the opportunity arose for me to taste what real power means. That was something

I was curious about. I believed that such an experience would enrich my knowledge of life. But there also were other and, I would say, more lofty reasons.

[Jacek Waloch] Were you completely aware of the implications of becoming a deputy prime minister?

[Answer] Certainly not, but I believed that I would cope with the attendant duties. Essentially, I accepted this post because at the time I had been enthralled by the idea of partnership. I assumed that such an office would enable me to translate that idea into reality. Well, in 1981 it had not proved possible to accomplish this goal.

[Waloch] What has led you to become convinced that partnership was possible at all during the growth of the post-August [1980, the rise of Solidarity] conflict? Objectively speaking, any such partnership agreement was doomed in advance for many reasons.

[Basta] If only because the system for the exercise of power needed a fundamental alteration.

[Answer] As for power, let me remind you that I am the author of the book, "Rzeczpospolita na progu lat osiemdziesiątych" [The Polish Republic at the Threshold of the 1980s], which I had written late in 1978 and early in 1979. I distributed informally copies of the typescript of that book to about 70 members of the coeval establishment, but only some of these, including Professor Jan Szczepanski, had returned it to me together with their comments. Others returned it to me without a word of comment. In that book, which incidentally has been published in Hungary and is now being published in China, I had reached the conclusion, on the basis of an analysis of Poland's situation in the second half of the 1970s, and more precisely on the basis of an analysis of the performance of the apparatus of power, or even of the philosophy behind the exercise of power, that extremely deep changes in the socialist system are needed if that system is indeed to enjoy social support. That book mentions all those matters which had subsequently surfaced with such acuteness: the arrogance of power, the disregard of citizens, the manner of exercise of the party's leading role, the theatricization of political life, and that bluster which has always characterized us. One of its readers at the time was General Jaruzelski. After reading it he had invited me to his office on Klonowa Street. I remember his words: "Well, comrade editor, you knew more than we did." For years I have been one of those who believed that, on the one hand, our system should be modernized and, on the other, attempts should be made to strengthen as a consequence of such modernization the movement with which I identify myself, namely, the camp of the radical left in Poland. As for the opportunities you refer to, we would have to consider the situation that arose in 1981. It is necessary to raise the question of the extent to which those to whom we had turned with the idea of partnership were ready to consider it seriously.

[Waloch] Your political biography mirrors the biography of the Polish postwar intellectual left, which as a rule adopts a centrist position so far as political options are concerned. As deputy prime minister, you have contributed the idea of partnership to the decisionmaking circle. But that idea turned out to be in sharp competition with others proclaimed by persons or groupings sharing in the exercise of power. Let us, in this connection, stop deluding themselves that there had existed any unanimity within the ruling perimeter. From this competition the leftist camp had emerged defeated.

[Answer] Of course, within the ruling perimeter, as you put it, divergent views could be encountered, but so far as the main direction of our policy is concerned, the idea of partnership and cooperation emerged victorious in every discussion and dispute. As for unanimity among power holders, that is another matter. It is a fact that toward the end of 1981 there had arisen features of power sharing by two factions [the military and the party] in Poland, but not in the leftist camp. Was the leftist camp defeated? Probably not, but it had certainly survived that great conflict in a markedly impaired condition. The left was and is responsible for the entire history of the growth of People's Poland, and hence also for conflicts that had led to national dramas. We were reminded of that responsibility in 1981. Were all who had offered that reminder motivated by honest intentions? I doubt it. But clearly this does not mean that I feel myself exempt from that responsibility. I am aware that, whatever I might say concerning the reform, the issue of responsibility remains a real historical and political category. When I ponder the causes of mistakes made in the past, which had in their turn engendered the conflicts—no, which had resulted in bloodshed, I arrive at the conclusion that one of these causes was the actual denial of the possibility of the rise of contradictions in the bosom of the socialist society. In the 1970s we had adopted the thesis of the moral-political unity of the nation, which in reality served us as a kind of absolutism relieving us of the need to continually cock an ear toward the society and listen to its real thoughts.

[Basta] Are you blaming yourself alone?

[Answer] Of course not. I am blaming my generation, and also....

[Basta] And also? Whom else?

[Answer] Also those intellectuals who analyze reality rather selectively, who speak and write of the awakening of the society, whereas their attitude toward power in the broad meaning of the term is that it is something static and essentially a source of evil. I wish that writers, artists, scientists, would realize that significant changes also are occurring within the party and the influential political circles shaping the directions of this country's development. Many seemingly immanent truths are becoming thoroughly reassessed; we are learning lessons from the past.

[Waloch] Are you aware of the other direction of such aspersions? After all, until the late 1970s you had been basically known to only one social group — the intelligentsia, with which you engaged in dialogue as the editor-in-chief of POLITYKA. You were quite familiar with that group, because it immediately reacted to any strong attack by POLITYKA against the contemporary structures. In the intelligentsia of the 1970s you had a natural ally, a solid base. Even now that intelligentsia is accusing you of having misplaced its expectations. Was the need to game with the competition of other ideas for the exercise of power the reason why you had abandoned your dialogue with the intelligentsia?

[Answer] I did not abandon that dialogue and I have never considered this possible in my years as deputy prime minister. I am aware of the grievances you refer to. It is being said that I misplaced the expectations of the intelligentsia. Well, might not it rather be that the intelligentsia group in question misplaced reality? I have analyzed that period quite thoroughly, and no matter how you may protest, I adhere to the opinion that in 1981 many prominent members of the Polish intelligentsia had lost their footing and started to build castles in the air. My quarrel is exclusively with that group, rather than with the intelligentsia as a whole. In the 1970s I had identified myself with the ideas of the leading Polish intellectuals, with their approach to formulating opinions and conclusions, but at the same time I retained a more realistic appraisal of the situation. So now I can ask, essentially, who was right? Even now, from some vantage point, it is easier to see who was right—those who had soared to the clouds, sometimes to great altitudes, or those who appealed for being realistic? Nowadays many of my opponents of 1981 are keeping track attentively and sympathetically of the unfolding of the situation in the USSR. Rosiewicz has even written a very sympathetic song about Gorbachev. At that time, in 1981, there had been no Gorbachev, and no one yet thought of perestroika.

[Basta] There was no base of support for it then.

[Answer] At that time innovative ideas were acceptable only on condition that practice produce effects confirming their validity. Practice alone could be the clinching argument. And besides, no one with any common sense could ignore the international background, consisting of both the socialist and the capitalist countries, the alignment of forces, etc., could he?

[Basta] But real life also confirms that innovative concepts were needed, right?

[Answer] Of course, yes, but the problem is that, e.g., qualitative changes in the attitudes of classes and social groups, bah, even of entire nations, must be preceded by quantitative changes. Thus, for example, the reformist ideas and concepts within the bloc of the socialist countries did not just drop from the skies. Upon nowadays reading Gorbachev's speeches, as well as the entire

Soviet press, we can see clearly that the idea of reforming the economic system, and as a corollary also the political system, had been on the minds of many economists, sociologists, and politicians, not just since yesterday but for years. And yet, the reform program became part of the nature and foreign policy of the USSR only in the second half of the 1980s. Why not earlier? Because, apparently, the supporters of reforms had previously a gut feeling that they could not count on broad social support.

[Waloch] But, Mr. Speaker [of the Sejm], even in the past your ideas were acceptable to the intelligentsia.

[Answer] Above all, they were not my ideas alone. POLITYKA was a teamwork creation, developed by a team who had for many years been working out its purposes, inclusive of its attitude toward the intelligentsia, and especially toward intellectuals. And now let me say a few words about the aforementioned conflict between myself and the intellectual community. It was due to differences in views on both the domestic and the international situation. Poland has never been some isolated island in the Pacific. We are surrounded by neighbors with whom we have been sharing the same goals for 40 years now. Together with them we are creating in this once faction-ridden part of Europe a new type of international relations based on trust and friendship. Certainly, this is a longterm process, but should it be perturbed by ill-conceived or even adventurist actions? After all, as the situation in 1981 had been unfolding, we became increasingly isolated. Even Hungary, which had from the beginning bestowed on us tremendous trust, sympathy, and friendship, suddenly became—it was already evident by the fall [of 1981]—gravely worried about not just our future. Growing murmurs reached us from all directions. The questioners grew increasingly irritated as they asked us, "In what direction are Polish communists going?" Increasingly often Poland was looked upon as a completely disintegrating country in the thrall of anarchy. Had such a situation developed in some other socialist country, for example, this is how we would have viewed it ourselves. Well, my opponents from the intellectual community refused to consider this situation. By and large, they rejected anything we said about democratization, reforms, etc. Let me also add that those who believed that I was a traitor to the Cause simply refused to consider that among my own people I was being attacked for striving toward a "rotten compromise...." I think that more than one of my opponents had in his heart acknowledged my being in the right, but lacked the courage to say it plainly. To put an end to this matter, I have no bad conscience so far as my quarrels with the intelligentsia are concerned. Even if in some matters I was not "all right," my conscience is clean so far as the fundamental issues are concerned. I believe that the inherent deficiencies of our intelligentsia came to the fore at that time.

[Waloch] And you tried to erect a barrier against these deficiencies in the form of the political concept denoted

as partnership.... After all our nation still believes in an archetype, a distinct and a highly significant feature of our political culture that could be defined as follows: Any political struggle is interpreted as a schema of the struggle of good against evil. The moral anointing by the nation and its complete trust are received by a movement which, in the name of freedom, democracy, and other ideas emblazoned on the banners of our past, demands curtailment of the powers of national government. The more these powers are curtailed the more the good of the nation is promoted. And hence in this country every political conflict is a destructive conflict, because the parties to it are solely concerned about augmenting their own turf. Hence such determination, intransigence, and even blindness in the political actions of both sides. That is why partnership and compromise were impossible.

[Answer] That is true. I would say that partnership is possible in a society which is totally free of any kind of myths. I am not posing as an omniscient high priest, but in my opinion a long road is still ahead of us before we can attain this goal, that is, before we begin to act in a manner other than what you just have, astutely besides, characterized. I believe that any return of myths, any return of romantic transports, is incredibly perilous, because it obstructs rationalizing our life. For while we admit the intelligentsia's special role in shaping the attitudes and views of the society, it has to be said that it has not been energetic in promoting rationalist views. One of the few to praise organic work and portray our great realists is Stefan Bratkowski. I have been opposing his political views, because in my opinion he, too, has not avoided becoming ensnared by mythology, but his "Najdluzsza wojna w Europie" [The Longest War in Europe] merits recognition. And consider the history curriculums in schools—for dozens of years we have been focusing on praising romanticism, heroic figures from fields of battle. It is fascinating that Marxists, too, have adopted this view of the past. Another comment: in 1981 and subsequently the ruling team of which I have been part as deputy prime minister was not intrinsigent and did not either demonstrate political blindness. I recommend perusing documents which at present and in the future will remain a testimony of our intentions.

[Basta] Excuse my interrupting, Mr. Speaker, but this precisely is our history!

[Answer] Well, fine, but history cannot be regarded as a force operating in the minds of people in either a "demonic" or an "angelic" manner. An approach has to be selected and the past has to be realistically assessed. Unfortunately, in this domain—though I am not trying to cast blame—the intelligentsia has let us down to some extent, and so has the Marxist left, which after World War II had been endowed with such rich opportunities for liberating our returns to history from the susurrations of cuirassiers' wings.... And what about the belief, rooted in national consciousness, that Poland is located in a fatal spot in Europe?!

[Basta] Geopolitics....

[Answer] Yes, but could not our geographical position be utilized for the good of the nation, for its peaceful future? This might seem trivial, but it perpetuates so effectively the idea of the martyrology of our nation. Incidentally, I flinch when I hear how certain priests of the Catholic church bewail, with a persistence worthy of a better cause, the misfortune of our nation in having Russia for its neighbor. Such assertions are not consonant with our national interests.

[Basta] The concept of our historical legacy as existing in the psychique of the nation is slowly changing....

[Answer] True, and although I said that we still face a long road ahead, it seems to me that occurrences strengthening realistic thinking are present in our reality. This may be a paradox, but I believe that the imposition of martial law had in a way strengthened the realistic tendencies. Some of my party comrades consider martial law to have been a success. It was no success. It was a defeat for everyone, including the authorities. At the same time, however, it led to a brutal collision of myths, a collision between unrealistic attitudes and hard facts. This collision resulted in opening the road toward a major reappraisal. I believe that more than one of my compatriots are, although they do not admit it, returning in their thoughts to those months and days [of martial law] and drawing from them conclusions which prompt them onto the path of realistic thinking. This is a consolation, even though it was caused by a dramatic decision and a dramatic situation. Similarly, the current and continuing crisis situation in Poland—I wouldn't want to be misunderstood—is compelling the abandonment of various myths and unrealistic hopes. Perhaps then this great drama will after all contribute to impelling the Polish nation to enter upon a period of liberating itself from the influence of romantic attitudes and notions and adapting itself to a present in which high technology is not the only modern aspect. If we assume that dramas may clear the road to certain positive events, this is a proof that history and events cannot be viewed onesidedly.

[Waloch] You are a homo politicus, an individual endowed with power genes. Let us backtrack to 1956 when you had started out in politics. You have undergone a great evolution of awareness from a mechanical affirmation of the political reality to a realistic and critical attitude. En route there were the years 1968, 1970, and 1976 [years of student and/or workers' protests and disturbances] and the ever faster speeds at which the wheel of our modern history has been turning. To you these years have been the caesuras of evolution. You have evolved toward your present-day views, but you were not alone in this. Many others took the same road. So now, where are they? Some are abroad, others are "set in concrete," while others still have been hurled into political nonexistence by the centrifugal

force of the accelerated wheel. You represent to us an evolved view, but does this mean that the mentality of the authorities also is evolving, that they are capable of such evolution?

[Answer] In theory yes. But all those whom you mentioned deny this possibility as it were, because they have fallen by the wayside and were incapable of evolving their views, changing their attitudes and their perception of power, and so forth. But this does not mean that the authorities themselves are incapable of reappraising their view of themselves and of the means they use. No. I believe that the authorities are capable of this. But this is a complex process, because any ruling team, regardless of the way in which it reaches power, invariably tends to consider itself most sagacious and infallible. This is a congenital trait of rule.

[Basta] That is why efficient control mechanisms should exist.

[Answer] Yes, except that the point is that these mechanisms be maximally effective and not triggered by conflict situations. In the final analysis, strikes and street demonstrations by workers can also be regarded as a control mechanism, but at what price?

[Basta] The ultimate price....

[Answer] The ultimate price, yes, because the outcome was bloodshed or complications as in the years 1980-1981. The abovementioned forms of protest were the highest form of criticism—of course, of a negative criticism in the sense of its direct consequences, but a positive one in the sense of its indirect, longterm consequences. There is no doubt that the leftist camp has for the most part inferred consequences from such criticism and everything we are doing today to promote democratization is a way of eliminating this form of criticism of the authorities.

[Waloch] Will this succeed?

[Answer] That is a natural question. In my opinion, those with whom I identify myself within the ruling camp have inferred the proper consequences.

[Basta] Are they sufficiently influential?

[Waloch] And sufficiently numerous?

[Answer] I believe so, although I wish to link my answer to another problem. Namely, the entire socialist formation is now in a crisis and faces the necessity of carrying out a genuinely deep reappraisal of its nature. The question of the nature of the exercise of power cannot be excluded from such a critical analysis, and neither can the question of acknowledging the existence of various forces and orientations within socialism. It is necessary

to eradicate completely the belief that people are like bees which live in accordance with a rhythm established once and for all and a division of labor established from times immemorial.

[Waloch] The need for such changes in the socialist formation entails a need for changes in the visage of the political leading force.

[Answer] I still hear in my mind the declaration of Gen Jaruzelski at the recent plenum that no one may suffer for holding a different opinion, a different view. I regard this as grafting, so to speak, democratic relations onto our party. I represent the view that, in connection with the tremendous changes now occurring both within the ["socialist"] community and throughout the world, the party is yet to exert a mighty effort in order to become a political movement which will find its proper place in the socioeconomic system. I use this term deliberately, because a consistent implementation of the economic reform requires adding to the agenda the issue of the party and of the place it is to occupy in that reformed system. So far—meaning for the last 40 years—we have been following a particular model of the party established and adopted at the starting point. This model has only at times been subjected to cosmetic changes. Cosmetic changes have not changed its basic nature and therefore they have menaced our party with stagnation, dogmatism, and so-called footdragging.

[Waloch] You mentioned engrafted elements of democracy. If the graft is to grow and develop into a mature plant and bear fruit, we must insert a trellis to provide solid support for the stalk. This is an allegory reflecting the view that institutional safeguards are needed for the first offshoots of democracy. Even now a telephone call from you will suffice to get us fired and keep us unemployed for many years were we to offend you by our questions. I am not going to prove what kind of situation exists with respect to our fellow reporters in the provinces where a telephone call from the director of a provincial party committee is enough to get them fired. Even now institutional safeguards are absent.

[Answer] You are exaggerating, at any rate so far as the effectiveness of my telephone call is concerned. As for the party, of a certainty the creation of democratic conditions, banal as this may sound, provides a basic safeguard—I mean conditions such that an individual may proclaim his personal views without fear of getting whacked on the head. Could all this be settled by statutory and legal safeguards? I think not. This is a question of how the world is perceived, of the orientation of those who are in power.... Desisting from the telephone call is not, after all, a matter that can be regulated by an intraparty command. This is a matter of the philosophy behind the exercise of power.

[Basta] You know, once the possibility exists, it is not so readily relinquished.

[Answer] Much depends on the direction of education of the party, and precisely on a constantly critical view of the manner in which power is exercised on a daily basis. As for the fact that for many years such important telephone calls have also engendered the habit of relying on the higher-ups in big and little questions, that is another matter. To sum up this topic of our conversation, I think that safeguards should exist, but it is the direction of education of party members that will be decisive. This is a longterm process. I do not believe that something that had been developing for 40 years can be changed within 5 or 10 years. This applies equally to the economic reform and to democratic relations as well. The party's visage essentially depends on its leadership.

[Basta] We shall soon know whether the entire nation will launch a race to catch up with the present or become enmeshed in a new social conflict. In 1982 we were told that we should accept with understanding the drastic price increases because they were indispensable to introducing the reform with its healthy economic mechanisms. Now we are being told the same thing....

[Waloch] By the same people....

[Basta] Why were 5 years wasted?

[Answer] Well from whom would you like to hear what should be done about the economy? So far as personalities are concerned, the changes have been quite numerous. But as for the concept itself, can the ruling team be denied the right to replace some with others, to discard things which are outlived or which have not proved themselves? Should the nation as a whole, with its good and bad qualities, also be changed in the sense of replacing it with another nation? I absolutely disagree with the claim that these years have been wasted.

Let us backtrack to the year 1982. On objectively assessing that point of departure, it has to be concluded that the ruling team which had imposed martial law could not divide its attention equally between political and economic affairs. At the time our attention had been focused on safeguarding the basic interests of the Polish state. At the time, when taking decisions, politicians had also to allow for the possibility of the rise of barricades on streets.

[Basta] But the government in 1982 was aware that an economic reform was inevitable and decided to introduce it. The problem is that it was relatively ineffective.

[Answer] But what instruments should be used to be effective? A year ago while in Austria I had talked with Prince Schwarzerberg who told me, "Mr. Rakowski, you people failed to act properly during the martial law era. Iron gloves instead of silk ones should have been donned and the economy should have been brought into order." I thought, It is easy now to speak of iron gloves. Regardless of the obstacles to the reform that had arisen, I

believe that thanks to the introduction of the reform even over that limited period the nadir of the Polish economy is already behind it. You do not agree....

[Basta] Because I don't think that these were silk gloves. Moreover, I personally feel that the decisions being predicted by the government now should have been taken then. In this sense, we have lost 5 years.

[Answer] Meaning that you have already forgotten with what miserable economic assets we had entered the year 1982? Bare store shelves, nonexistent inventories, disrupted coproduction ties, nearly total isolation on the international arena. The fact that despite such a highly unfavorable situation we have risen above the nadir is to be regarded as a success. The inconsistent implementation of the reform had, of course, also its subjective reasons. It turned out—as often happens in the operation of social forces—that the forces opposing the reform were far from weak. The strength of traditional habits, of inertia, made itself felt—this being something that Gorbachev constantly refers to. The peril to the reform is to be perceived not only in the state bureaucracy. Some of the economic administrators, enterprise directors, and even technical personnel were opposed to the reform. Because what did the reform presage? Above all, a leap into the unknown. Moreover, it placed on the agenda the issue of the manner in which power is to be exercised. The conservative forces wanted to preserve the status quo, and turned out to be stronger than I had assumed at the time.

[Waloch] You are using the past tense when speaking of conservative forces. I admire your optimism.

[Answer] Of course, these forces still exist. They are rooted in human minds rather than in factions or in organized groups. I feel convinced that it is a historical task for the authors of the reform to show sufficient determination in overcoming the resistance of the traditional forces content with the customary ruling system. If any of the framers of the [reform] ideas presented to the Sejm by Prime Minister Messner believes that they can be entirely confined to the domain of economics, he is mistaken. Reformist steps in the economy must be accompanied by actions in other domains.

[Basta] After all, every one of our past upheavals reduced to two demands: more bread and more freedom.

[Answer] Well, and perhaps also more justice, more respect for human dignity, etc. Following all our difficult and painful experiences, we link reforming the economy to democratizing the political system. This is the right road. I believe that it will be successful. In this place let me draw attention to the role of a certain factor that is not only psychological but also political, and which actually does exist in social life. The name of this factor is impatience. It has to be understood and considered when determining social and economic policies, even when one is aware that the history of any system of

society is, particularly when that system is novel, unusually complicated and that attaining the goals of that system usually takes many dozens of years.... Well, contemporaries say, We have only one life, our own. My wife gets furious when I use the locution, "From the historical point of view...." That is why I feel that it is a duty of the authorities to minimize the negative aspects of the process of historical development by means of, among other things, an effective eradication of arrogance, bureaucracy, bluster, and boorishness, that is, of features which, unfortunately, are inherent in any kind of rule, because power also denotes might, duress.

[Basta] "A great deal has to be changed in order to preserve what is." I am quoting Prince de Salina in "The Leopard." I think that is precisely what the authorities are concerned about.

[Answer] As for myself, I believe that a great deal has to be changed so that what was would not recur.

[Waloch] Mr. Speaker, in addition to the psychological mechanisms motivating the conservative forces we are dealing with social facts. On 29 November [the date of the referendum on price increases] the authorities will present to the society a signed promissory note in return for its abandonment of that impatience you mentioned, in return for its sacrifices and trust. Who will accept the responsibility for the possible consequences should the promissory note not be paid? Who will accept the responsibility for factory managers driven by forces of inertia, for the weeds of government bureaucracy, and for certain continually complacent economic administrators?

[Answer] Very simply, the responsibility will be accepted by the framers of the referendum, [and] by those who approve it, including my party as well. If the society accepts this promissory note, failure to redeem it will mean our defeat. There is no other way out.

[Waloch] Do you authorize me to quote this?

[Answer] Yes, why not?

[Question] Thank you for the interview.

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Nature, Influence of 'Opposition' Forces Noted
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[Interview with Jerzy Wiatr, sociologist, Institute of Sociology, University of Warsaw, by Teresa Kwasniewska: "Poland Needs an 'Opposition'"]

[Text] [Question] Professor, sir! Let us courageously pose the question: Do we have a political opposition in Poland?

[Answer] Of course. After all, there are many factors that differentiate our society internally and contain the embryos of such an opposition. Our views differ, and so do the motives behind our actions and so does our outlook on various matters; we support different solutions to many issues.

[Question] Few concepts are as overlain by so many misunderstandings, extreme judgments, and myths as the word "the opposition." I believe that we have practically become entangled in this concept. After all, in principle, "everyone is an oppositionist—everyone wants to change or solve or criticize something." This significant comment was uttered by General Wojciech Jaruzelski at a session of the Consultative Council. Are we indeed viewing properly this matter? Does the usual path of reasoning in this case correspond to the new factors in public life toward which the process of socialist renewal is striving, and which it is gradually creating?

Undoubtedly, many radically new problems transcending the traditional concepts need to be elucidated. Perhaps a historical preamble is needed. Well, the very concept of the opposition had arisen not so long ago. It was included in the British political lexicon as late as at the beginning of the 18th century, when the existence of a party opposed to the government in the House of Commons was acknowledged. So far as the genesis of oppositionism in Poland is concerned, its tradition is less praiseworthy. But let us focus on the present. Because an unusually interesting trend and one completely different from the Western model of the political opposition is arising: the forces exercising power and certain forces that are oppositionist toward the ruling camp are engaging in a dialogue which is resulting in a policy of consensus providing the broadest possible social support to specific measures taken by the state. There exists a chance for this kind of solution to become not only a Polish solution and, what is essential, oppositionist activities in Poland are not always intended to change its system of society or even its government. Consider certain periodicals such as TYGODNIK POWSZECHNY, RES PUBLICA, or LAD: they are not progovernment, yet their stated purposes do not include overthrowing the existing system. Experience of this kind represents an historical novelty to a socialist system.

[Question] It can thus be said that in Poland a new type of opposition is arising.

[Answer] And one that should be positively, though not uncritically, treated instead of being viewed as a pathological aspect of public life. And speaking of socialist pluralism, we should proceed from the premise that this kind of expression of political views—other than those prevailing in the ruling camp—should rather be supported, if only in view of the important idea contained in the program declaration of the PRON [Patriotic Movement for National Rebirth]. That is an idea to which I feel a

particular attachment, because I had taken part in formulating it, and the essence of that idea is that we do not believe ourselves alone to be patriots. That declaration reflects an acknowledgment of the fact that there exist different patriotically thinking and reasoning Poles, which given the present-day reality constitutes Poland's *raison d'etat*, even if these Poles at the same time differ in their views on many other equally important issues.

[Question] Ever since our internal crisis had "broken out" to the surface, in the discussions under way the question about individuals categorized under the concept of "opponents of socialism" has been pertinaciously recurring.

[Answer] Here too extremes are to be avoided. A Catholic publicist, Stefan Kisielewski, declared many years ago, more or less, as follows: "I have never been a supporter of socialism, and I am not one now, but I have always loved Poland: Poland is socialist; therefore, I love socialist Poland." I think that a formula of this kind reflects what we term the attitude of Polish realism, an attitude which is conducive to rising in the name of patriotism above the fundamental or ideological dislike of the system of society reigning in Poland. Let us therefore be fair. In the bosom of the antisocialist opposition one can also find persons whose feelings of patriotism should not be questioned even if they stem from other motivations than ours. It is possible to stand on different sides of the ideological-political barricade and love the fatherland, each in his own way. Let me also recall Stefan Cardinal Wyszyński, who not only was no supporter of socialism but also, in the course of his long life, repeatedly commented very critically on the ideological option of socialism. Yet there was so much political realism and patriotism in his activities that, during every crucial moment in Poland's history, he had managed to take a position that served Poland, strengthened Poland, and protected it against disaster. As a consequence, he is remembered favorably not only by those who shared his political views but also by those who, I emphasize, disagreed with him on a large number of issues but at the same time remained respectful of his civic attitude. The example of the Cardinal is being emulated by those who have not become supporters of socialism but who, for patriotic reasons, desire to aid present-day Poland constructively through their actions, to serve it rather than to harm it—not because it is socialist, but in spite of its being socialist.

[Question] This feeling of political realism makes it possible to establish dialogue with them and cooperate with them in the absence of the paralyzing fear that such dialogue and cooperation would turn into a barren dispute and demagoguery that would merely result in exacerbating tempers, that would be of use to neither side, nor to the country as a whole.

[Answer] Another step forward could also be taken—and this is being implemented—and a suitable niche could be found for such forces in our political system. After all,

the first attempts in this direction have already been made by, for example, appointing the Consultative Council under the Chairman of the Council of State, thus providing a place for dialogue among heterogeneous forces at a higher level of the political system than in any other socialist country. Freedom of speech and assembly is being continually broadened. Therefore, oppositionism construed as a critical disposition of segments of public opinion toward various issues of public life should not be demonized and reduced to the role of a mortal enemy.

[Question] Criticism is always needed. Not every one who praises is a friend. Not everyone who attacks is an enemy. No one has monopoly over such criticism. It also occurs within the leadership circle itself.

[Answer] It always exists within the party and in the Parliament. The PRON, too, has repeatedly taken a critical view of the implementation of civil rights and freedoms. Similarly, the reborn trade unions have been taking a virtually oppositionist stand on many socioeconomic measures taken by the government. But what matters most is that this is not criticism for criticism's sake but something that produces definite and effective results. For example, several months ago a package of proposals submitted by the Council of Ministers to the Parliament had to be abandoned owing to their rather extensive criticism by the Socioeconomic Council, the Parliament, the trade unions, and the PRON. Opposition toward certain measures of the authorities is becoming a natural factor in public consultations and decision-making processes.

[Question] And yet, there still persist habits from the times when a single absolutist rationale had applied to all matters and anything that did not mesh with it was regarded as ideological heresy. Labels such as "Destructor" or "Enemy" are still too readily applied....

[Answer] But one also should realize how far we have advanced since those times when a single inviolable rationale had been mandatory. I don't wish to glorify the present situation, but the practice of forcing or imposing a consensus has definitely become a thing of the past.

[Question] We also are too prone to equate criticism with negation.

[Answer] True. But while warning against this inclination we should also bear in mind that in our social and political life we have been and are occasionally dealing with explicitly destructive oppositionist activities—destructive so far as the basic elements of public order and Poland's interests are concerned. The intensification of such activities toward the end of 1981 had resulted in political polarization and the need to impose martial law.

[Question] In a TIMES article, "Poland, or the Autumn of Unrest," we read, "A gloomy calm reigns in Poland and the impression arises that the standstill in the contest between the government and the opposition may continue." What do you say to it?

[Answer] I view this as demonstrating the failure to understand what is happening in Poland. A standstill? After all, we exist in an era of accelerating changes. Ever since the 1985 elections to the Parliament, and subsequently since the 10th PZPR Congress, there has occurred a large number of measures that markedly altered Poland's political landscape. I have already mentioned this earlier. This blindness to the qualitatively new changes in our political and collective life ensues not from mere ignorance but from a certain constricted and limited way of viewing Poland. Similarly, contrary to what Western publicists are doing, the problem of what reconciliation cannot be reduced solely to [commencing] negotiations with former leaders of Solidarity.

[Question] And yet Poland may represent yet another and unusually interesting proof that cooperation between such diametrically opposed forces as the socialist state and the Roman Catholic Church is possible.

[Answer] And that such cooperation benefits the nation and state, although it has not been free of problems or, sometimes, tensions and mistakes on both sides. But the awareness of the mistakes made represents of a certainty the assurance that they will not be repeated in the future.

[Question] It can thus be concluded that our political culture is not that badly off.

[Answer] For a country such as ours with its large population the pattern of that culture cannot be uniform. It is certain, however, that by now we are capable of engaging in civilized political discussion and debates, respecting the views and rationales of the adversary, his counter-arguments. Besides, I have always been opposed to onesided viewing of the negative aspects alone of the Polish political culture. We are capable of engaging in sharp discussion of fundamental issues without, basically, provoking hostility or fanaticism. We have nothing to be ashamed of. And as for that opposition—as a natural aspect of any system of society—it should not impede reaching national consensus.

[Question] No political trend in Poland gains by destroying its opponents. The entire nation gains from mutually tolerant cooperation.

[Answer] This is a lofty illusion. There exist orientations that are based on confrontations and attempts to destroy the adversary. This concerns extremists of varying hue. But more can be gained by finding shared goals with the adversary than by destroying him. Let me repeat: The great experiences of Poland in recent years have shown and demonstrated that people from opposing trenches can sit down together at the same table. And nowadays,

without abandoning their previous positions, they can, while still remaining true to themselves, struggle not for mutual elimination and destruction but for mutual promotion of the country's growth.

[Question] Professor Kozakiewicz once said that the opposition should not be feared; instead, one should learn to coexist with it.

[Answer] This is a reciprocal process. Both the ruling camp and the oppositionists must learn this lesson. And there is much such homework to be done, especially within the opposition, because only part of the opposition is desirous to coexist constructively with the camp ruling Poland. It is no secret that during the formation of the aforementioned Consultative Council proposals had been made for a much broader membership and constituencies represented in that Council than ultimately chosen. And hence let us broaden the formula so that cooperation would be deeper than it is now; all the political forces in Poland should learn this.

[Question] An oft-advanced notion is that the future requires oppositionist thinking.

[Answer] Agreed, if this leads to oppositionist recommendations on what is being done at present. Because open thinking is the point of departure. At the same time it would be a fallacy to assume in advance that only oppositionist proposals are valid, or that contrariwise only views convergent with those of the ruling forces are valid. If we want to shape wisely our common better future, we must above all resolutely champion open thinking, the questioning of various rationales and views. Civic discussion in which new ideas can be opposed to old views and habits is possible only if it is an open and public discussion based on freedom of speech and the existence of democratic institutions and safeguarded civil rights.

[Question] You said that democracy is not a luxury.

[Answer] It is a prerequisite for liberating the forces needed to nudge Poland decisively onto the road of rapid progress.

[Question] In this connection, there is no avoiding the question of the condition of Marxist sciences in Poland. Marxism is a critical theory. The Marxist theory of socialism cannot reduce to praising it. But it has been said that an authentic and critical Marxism cannot develop under socialism, because it undermines the policy of the ruling Marxist parties and [therefore] it has been deprived of its most precious value—its critical view. What is the "last word" of theoreticians on this subject?

[Answer] In the history of, say, the 1950s, there indeed occurred instances in which the critically minded elements of Marxist thought had been suppressed. For a long time the position taken by the political leadership of

the ruling Marxist parties had been characterized by conservatism and an apologetic attitude toward the existing political reality. The harm caused by that conservatism of socialist hue to Marxist social sciences was relatively smaller in Poland than in other countries.

[Question] Thanks to [Polish Marxist] theoreticians?

[Answer] Polish theoreticians operated and are operating under more favorable—though still not ideal—political conditions, facing fewer administrative barriers to an astute and prosocialist criticism of the manner in which socialism is being implemented.

[Question] This does not mean that we have completely avoided ideological dogmatism and its negative consequences.

[Answer] True. This concerns especially the image of social sciences that has been widely propagated "thanks to" mass brochures and popular-scientific books. As for open and critical publications consonant with the traditions of Marxist thought, these have been most often issued by academic publishing houses in small editions designed for a limited readership.

[Question] Thus only the views then deemed ideologically and politically correct were disseminated.

[Answer] To this day this gap still could not be completely eliminated.

[Question] For some unknown reason we view the opposition as a collective and fixed concept.

[Answer] The existence in Poland of the opposition as something structurally permanent for a long time now does not conflict with the fact that changes in the orientations, concepts, and mentality of that opposition are taking place. There is no place here for fixed schemas.

[Question] Does the right to be in opposition weaken the authorities?

[Answer] It certainly complicates life for the authorities. In this sense, yes, it weakens them. But at the same time it results in the existence of legal forms of opposing unjust decisions, and in the existence of opportunities for revising policies. Let us also realize that, unless we desire a repetition of the Gdansk December [the massacre of workers in December 1970] or of Poznan [workers' bread riots in 1956], there must exist legal and even institutional forms of venting public protests and resistance to mistaken decisions of the state. Therefore, the growth of democratic institutions should avert the blockage of all possibilities for free civic action even in domains unrelated to politics, and it also should avert

any drift toward the totally monolithic model of the society of Stalinist times. As a consequence, therefore, in the long run the growth of democracy strengthens state power.

[Question] Thank you for the interview.

1386

Polls Show Society Doubtful of Media Accuracy, Honesty

26000138a Warsaw PRASA POLSKA in Polish
No 12, Dec 87 p 6

[Abridged version of Stanislaw Kwiatkowski's floor debate comments at II Congress of SD PRL (Association of Journalists of Polish People's Republic), Warsaw, October 1987]

[Text] The mass media have for several years now been very critically viewed by Polish public opinion. There is no other such domain of political life, except perhaps personnel policy and the exercise of power by individuals holding the leading posts, on which so much discontent and so many critical comments are focused. To be sure, television and radio audiences as well as press readership have been growing, and hence also the scope of potential influence of the mass media has been growing, but at the same time mistrust and suspicion of all sources of information, both official and unofficial ones, are persisting.

The greatest opportunities for becoming known belong to television and radio reporters. Poles increasingly view and listen more than they read. The daily press reaches every second citizen. Nearly two-thirds of the public is in contact with the regional party press, and the afternoon newspapers are read by every fifth citizen. Some 15 percent of the adult public read no newspapers at all. The periodicals PRZYJACIOLKA, KOBIETA I ZYCIE, POLITYKA, and PRZEKROJ have the largest readership; that is, aside from POLITYKA, the public usually reads illustrated weeklies that do not deal with serious social and political subjects and that are attractive in format and diversified in subject matter, ranging from general issues to family and household advice columns. A couple percent of respondents mentioned Catholic weeklies.

More than one-half of the public is not reached by information on important events and controversial public issues, or, the more so, by texts of speeches, even from the highest tribune. This happened, for example, with the texts of the declarations of the trade unions and the government concerning price increases. On the whole, only 11 percent of the respondents had read them completely, and fewer than 20 percent partially.

Only a small segment of the public, something like several percent, avails itself of all the accessible sources of information on current events, both official and unofficial. That segment is besides shrinking. The number of persons relying on official information sources alone has doubled.

More than one-fourth of the respondents measure news from official sources against public comments and personal observations. Persons who complement news from official sources with information from foreign radio stations account for a couple of percent, that is, are not many.

Almost invariably, because, as shown by various polls, one-third of respondents do not view official mass media as credible. Every fourth respondent mistrusts TV news. Besides, television is the focus of the greatest criticism.

This precisely is how the mass media are viewed in Poland. How do reporters respond to this? How much do they know about this subject, and how do they view it? Are they concerned over this issue or do they feel above it? A random sample of the journalistic community, altogether more than 500 reporters, was polled. The only reporters who had refused to be polled were those working for the military and church press, which may be understandable, for 'PRZYJACIOLKA,' which is puzzling, and for SZPILKI [a satirical journal], in this last case probably just to be contrary.

It turns out that the response of reporters to the public's views is nearly uniform. More than one-third of the reporters believe that the media have nothing to be proud of, nearly as many believe that reader confidence has simply decreased, and only one-third believe otherwise.

The effectiveness of press criticism is viewed just as pessimistically. According to every second reporter polled, it has not changed, while according to every fifth it has become less effective. Let me add in this place the important consideration that of the press personnel polled a majority were members of the PZPR, three-fourths belonged to the Journalists Union, and nearly one-half were administrative personnel—editors-in-chief, their deputies, section heads, editorial secretaries.

All social groups are critically disposed nowadays. I believe that this attitude need not be reason to worry. Any change is difficult in the absence of criticism, and nearly all of us are in agreement as to what should be changed. There is no need to demonstrate the necessity of reforms in Poland, and in this sense, it is time for deeds.

1386

Student Seminar on Polish-Soviet Relations
26000161b Warsaw RZECZPOSPOLITA in Polish
19 Jan 88 p 2

[Text] Sejm marshal Roman Malinowski and Minister of National Education, Prof. Dr. Henryk Bednarski, met with participants of the national university student seminar "Poland—USSR" which ended 18 January in Srod-borow.

POLAND

National Defense Group Combats Youth Pacifism 26000108a ZOLNIERZ WOLNOSCI in Polish 3 Dec 87 p 3

[Interview with Lt Col Tadeusz Rzepecki, representative of the National Defense Committee Task Force for Politico-Military Public Education, by 2d Lt Jerzy Rajch; date, place not given]

[Text] [Question] The name of your task force is long and impressive, but at the same time, it is not fully understandable to everyone. What exactly are you concerned with?

[Answer] The scope of our operations is very broad and in my opinion, the name fully reflects this. The task force stems from a decision of the National Defense Committee last November. Its task is mainly to coordinate and stimulate the actions of all political organizations whose programs include patriotic-defense upbringing. There are in this country exactly 46 such organizations, including ministries, institutions, and sociopolitical organizations. In the task force are representatives of the PZPR, other political parties, and organization and administration, making this a representative body which can plan and verify the implementation of these tasks. Nor do we hide the fact that we place our greatest emphasis on work with youth.

[Question] Can you describe these tasks in more detail?

[Answer] They are described in "Guidelines on the Further Improvement of Activities in the Field of Patriotic-Defense Upbringing of Society With Special Consideration to Youth to the Year 1990."

The basic element in the shaping of patriotic attitudes is the knowledge of history. That is why we attach enormous weight to the teaching of history to the young generation. By the way, we must see patriotism today not in terms of the ethos of battle, but of work. We are trying to broadly and comprehensively show the complicated politico-military processes taking place in the world, particularly those with consequences to Poland.

By promoting and developing physical culture, especially the defensive sports, we want to contribute also to a reduction in the amount of wrongdoing, for example, alcoholism. And finally, we are popularizing the army, presenting it in a new way, including as a way of expanding one's interests and acquiring a desirable profession.

[Question] What have been the results of this?

[Answer] We have been functioning for a year and the beginnings are always the most difficult. But the first results are in. Thanks to our efforts, programs have appeared on television such as "Re-Enactments From

History" and "Longer Ago Than Yesterday," and after years, ZYCIE WARSZAWY has again begun to publish the supplement "Life and History." Our analysis of publications of a military and political theme has shown that they are too trite and do not reflect the entire depth of events and our role in them. And after all, this does not contribute to a growth of interest by youth in these problems.

We have assessed the young generation's knowledge of history and rated it as inadequate. Therefore, we have determined what the ministries of national education, culture and arts, and the youth organizations and scientific and literary societies can do in this regard. We are planning a competition for a play or a novel on distinguished Polish patriots, for we definitely need some in which the personages are controversial, vividly portrayed, but not majestic. We also want to offer stipends to those young people who through their own study and research can acquaint others with the more interesting events in our history.

[Question] Such initiatives would be useful, for they would give direction to the intellectual needs of the young generation. Lack of appropriate action in this area gets us nowhere. Foreign influences, on the other hand, help to create such groups as, for example, the pseudo-pacifistic "Freedom and Peace."

[Answer] Let us begin with the fact that in the West the pacifist movement is really a force of great importance which, in most cases, is of an anti-war character and works towards peace. We must also admit that pacifism has no single definition. The movement takes many forms: Christian, naturalist, federalist, scientific, anarchist, or even the Gandhi type, which advocates the use of nonviolence.

[Question] All of these forms have a common, rather broad, denominator. That is, pacifists do not analyze specific wars and the causes of each of them. Furthermore, they do not perceive the class origins of each war separately—not just the aggressive war but the national-liberation war also.

[Answer] That is how this movement can be most briefly described. Our Polish form—"Freedom and Peace"—has nothing in common with pacifism. In shouting "away with the army," "refuse to swear allegiance to the fatherland," it is in essence not an anti-war movement, but an anti-military movement.

[Question] The goals of "Freedom and Peace" are unquestionably directed at our country's defense system. The instigators are quite obvious....

[Answer] I think there is no reason to exaggerate the importance of this loud but very immature movement. That is why we are exposing its vacuous ideology. And although many Western centers, institutions and publishers attempt to artificially widen its sphere of activity

and increase its importance, there are also those whose who have weighed their words, as for example the opinion of one foreign journalist who during the May international peace session in Warsaw said that this is a very infantile movement, without an ideological basis or real program.

[Question] And after all, we do have a group in this country which can, without any exaggeration, be called pacifist.

[Answer] Yes. The Scout weekly, NA PRZELAJ [Across the Country], has announced a campaign called "I Would Rather Live." How different are its ideas from that of "Freedom and Peace." Anyway, the weakness of the latter group is demonstrated by the fact that many of them left to join "I Would Rather Live" when such an alternative appeared.

[Question] Despite this, for many people, old and young, military service is a thorn in the side.

[Answer] I assure you that these are exceptions. The older people remember the war and the occupation and will never be against military service because this would mean that we are putting ourselves at the mercy of others. And the younger people are doing this more as demonstration rather than from deep conviction. Naturally, in the interest of the country's defenses we cannot consider declarations of beliefs which, for example, for religious reasons forbid the bearing of arms. In individual, substantiated cases we apply various forms of substitutes for military service.

May I add that it is not true, as some uninformed youth say, that in Western European countries people are excused from military service for political reasons. I do not know whether everyone noticed the report which appeared—in our press also—about the prison sentence for two Norwegians who refused to perform military service.

[Question] The situation which you describe clearly shows the place and role of patriotic-defense upbringing for youth.

[Answer] Throughout the world the struggle for youth and its consciousness takes on ever-greater importance. The ideological opponent is not picky about the means he chooses to reach the young generation, to weaken their support for the ideology that they espouse, to confuse their thinking. Hence the efforts to shape the personalities and socialist consciousness of the young people.

YUGOSLAVIA

Problems in Attracting Applicants to Military Schools

28000043 Zagreb VJESNIK in Serbo-Croatian
22 Nov 87 p 12

[Article by Bojan Mirosavljev: "What Is Hampering the Officers' Candidate School?"]

[Text] Competitions for enrollment in military schools and academies are nearing conclusion. How does one become a sailor, artillery gunner, pilot, tankman, or specialist of the other arms and services in the Yugoslav People's Army? Interested young people can obtain detailed information about the conditions from the national defense secretariats of the opstina assembly, and soldiers, cadets, and noncommissioned officers in their respective units and institutions.

One of the essential elements of the overall development of the system of nationwide defense is the question of guaranteeing a constant and sound replenishment of officers to meet the needs of our armed forces. But the response of young people has continuously been a subject of attention and interest of those in the armed forces, especially the top military leadership.

"In recent years we have faced the problem of an insufficient response of good candidates for military schools, especially those of Slovene and Croatian nationality, as well as Hungarian and Albanian nationality, and indeed also those from the more advanced regions and communities in the country," Fleet Admiral Branko Mamula, federal secretary for national defense, recently said in the Eighth Meeting of the Committee of the LCY Organization in the YPA. "However illogical it might seem in view of the high rate of unemployment and the difficult economic situation in the country, it is obvious that young people are reluctant to choose a military vocation. We expect soon to have a very detailed analysis of the causes of this phenomenon, although it is clear even now that we are dealing above all with the difficulty and specific nature of the military calling, financial reasons, the fact that this vocation is not very popular compared to certain others, the drop in the birth rate, and so on. Certain political reasons, especially the processes of disintegration in society, exclusiveness within the borders of republics and provinces, the attempt to dispute the conception of nationwide defense and the place and role of the YPA in our society, and other things, have also been having an ever more pronounced influence.

It is no secret: It continues to be impossible to furnish in military schools and academies the proportionate number of candidates from SR Croatia, SR Slovenia, SAP Kosovo, and Hungarians. It is also well-known that the response from the other socialist republics and provinces and the other nationalities and ethnic minorities is above average (except for certain ethnic minorities

whose representation in the Yugoslav population is very small). The dropout rate of candidates from military schools is most pronounced among young people from precisely those socialist republics and provinces and those nationalities and ethnic minorities which are already underrepresented in the schools. This aggravates still more the problem of their representation.

The Critical Regions

The greatest effort to explain to young people what they can expect from the military officer's calling is made to young people in SR Croatia and SR Slovenia, but the results are unfortunately rather poor. The regions of Rijeka, Zagreb, Karlovac, and Dalmatia (except for the military schools in Split) are especially critical. Last year, for example, there was not a single Slovene in the class enrolled at the Ground Forces Military Academy in Belgrade, and the number of candidates accepted from SR Croatia, although somewhat more favorable, was by no means satisfactory. And a higher percentage of cadets from SR Slovenia and SR Croatia terminate schooling (because of poor grades, poor discipline, or by request) than is the case among those who come from other republics and SAP Vojvodina. That is why the standards are lowered for Slovenes, Croats, and Albanians to the point where people are accepted even though they do not meet the conditions of the competition or they do not meet the minimum standards as to general knowledge and ability, while excellent candidates are rejected from the other republics and SAP Vojvodina.

So long as we are talking about Slovenia, let us say that this year applications to military school were filled out by 25 percent fewer Slovenes than last year, and 38 percent fewer secondary school graduates were accepted. When last year is compared to the year before last, we see a smaller drop—3 percent fewer applicants and the same drop in the number accepted. Only in 1983 were 10 percent more young Slovenes recorded than in 1982, but the same number were accepted as in 1982. The drop could perhaps have been halted if yet another secondary military school had been opened in Slovenia or at least a department in an academy, they say in the Slovenian Republic Secretariat for National Defense, which conducted a poll about the interest of young people in the military profession.

Thus according to the poll, Pioneers put the job of a military officer at the same level as an agricultural technician! Among secondary school students 45 percent feel that service in the YPA is an honor, while 34 percent think that this is not the truth. A majority of those polled (69 percent) feel that the military calling develops love for the homeland and offers a possibility for personal improvement (65 percent). Those who want to go to military school say that they would do so since they have problems finding jobs, since schooling is free, because they will get a place to live more quickly, to have an interesting job.... The reasons for rejection are these: The lack of free choice of where you will be stationed, the fact

that you cannot go to school within your own republic (Slovenia has only one secondary school and no academy), the tough acceptance standards, the moving from place to place, the system of the military hierarchy....

"The insufficient interest in the military profession on the part of young people in Slovenia is the open sore of our personnel policy," says Brane Komar, independent counselor in the Slovenian Republic Secretariat for National Defense. "This has been debated even by the republic's state presidency. In Slovenia there has always been the problem of enrolling young people in military schools. The trouble is the status of the commissioned officer. Their salaries are lower than the Slovenian average. In Ljubljana you wait a long time for an apartment, and there are also certain restrictions which young people cannot accept. There is the choice of service, but you cannot go abroad."

Sacrifice and Responsibility

Certainly the question of public relations is an essential one. The general opinion is that in our country—when it comes to the armed forces—it comes down to a fairly conventional type of advertising which certainly does not meet the basic criteria of up-to-date public relations. Is it enough just to show on TV a film with a war theme or provide stereotyped information about the armed forces? Many people in the YPA think that it is not. Public relations is important, but not the most essential thing. Some people answer in the affirmative to the question of whether young people know enough about military schools and academies, while there are those who think that the information provided to elementary and secondary school is neither complete nor long-range, as it might be put in the soldier's vocabulary.

So, it is not enough to make posters and publish pamphlets. It is obvious that in some places the campaign has not been carried out in the best way, especially when it comes to explaining all the aspects of the military officer's profession. There has also been one-sided portrayal of the life of cadets with talk about big balances in savings accounts, comfortable bedrooms, color television sets, swimming pools.... People forget that there is a need to explain to young people what to expect after they finish school. Schooling after all lasts a few years, but working life 40. There is also manipulation with the number of transfers, duty service and all manner of other things, while at the same time there is little talk about opportunities for promotion and attaining the highest levels of knowledge in the field of military science.

It is well known that the military calling is an extremely difficult and responsible one. Great sacrifices are demanded. The YPA officer has in his care his men, equipment, the armament in the unit, he carries out the training under various weather conditions: in the daytime and at night, in summer and winter, in good weather and bad. And he must perform his job conscientiously and in a disciplined manner.

It is not very well known that the armed forces are not just the "infantry," the "cannon," the "tank," or "marching in time"...but more than 70 different vocations come together in the internal organization of our armed forces in its units, institutions, command, staffs, and other places! Thanks above all to the conception and purpose of the armed forces, none of these occupations is reduced only to narrow limits, but rather all servicemen, especially those who are talented, are offered all the conditions to develop their scientific inclinations to the maximum. And work with many generations of young people from all regions of our country, with differing level of education, different conceptions, different views of the world and habits, makes it possible for the officer to display all his human, educational, and training abilities. Officers are required to train the members of the unit they command and equip them for defending the socialist community and the brotherhood and unity of our nationalities and ethnic minorities, to see to their life and health, to preserve their dignity, to guarantee that they exercise the rights which they possess under the law, to demand conscientious execution of orders pertaining to the service, and to aid them. They are required to vigorously conduct the policy of the League of Communists in the unit, in sociopolitical organizations and management bodies, to strengthen military discipline—the basic internal firmness of moral and political unity and combat readiness....

In spite of the complexity, the system of upbringing and education in the YPA constitutes a unified whole. We should also bear in mind the dynamic nature of the system and its uninterrupted development, flexibility, and adaptability, which means that it is steadily adapting and improving. And a person who decides to devote his working life to preparation and organization of defense of the country (in the YPA and territorial defense) must know above all that the job awaiting him is by no means easy and simple, but develops many virtues in a person and creates a sound and strong personality.

07045

Training of Military Antiterrorist Unit in Zagreb Sketched

28000044 Zagreb POLET in Serbo-Croatian
13 Nov 87 pp 14-15

[Article by Vladimir Spasic: "The 'Specials'—Unit of the Military Police Assigned to Antiterrorist Action"]

[Text] What kind of shots are the soldiers who shoot one round with live ammunition just less than once every 4 days during their military service, while at the same time training to be ready for action 24 hours a day? There are no poor marksmen among the so-called specials, members of the military police unit responsible for antiterrorist action. During their military service they fire almost all types of small arms: from semiautomatic and automatic pistols to automatic rifles and sniper rifles. But it is by no means easy to get into one of the most elite

units of the YPA. All members of special units must be absolutely healthy and capable of even the most difficult efforts so that after marching 30 to 40 km they would still be able to climb mountains.

"Aside from that, the moral and political attributes of the people who come to us are also very important," we were told in a conversation with Dragan Lalovic, commanding officer of the specials. "We dare not allow uncertain people to come here."

So far not a single one of those who has passed through the gate of the "Marshal Tito" Garrison in Zagreb has regretted it and asked for a transfer in spite of the psychophysical efforts.

"Officers can enter it exclusively on a voluntary basis, and the soldiers are always chosen from among those who want to be chosen. This is a unit which has a special status here in the Zagreb Military District, it has been given priority in training, and it is therefore attractive, even though the efforts are greater than elsewhere," Lalovic continues.

There are no officers in the unit who had an evaluation of less than "very good" in the military academy or secondary military school. The unit's commanding officer was first in his rank at the military academy. Still more unusual is that he is only 34 and is the oldest in the unit. The commanders of the basic units are between the ages of 24 and 27, and the soldiers average only 19. There have even been cases of some people reaching age 18 while in the unit.

Several times the specials have been proclaimed the best unit at their level in the Zagreb Military District, and almost every year they are nominated for recognition throughout the armed forces.

The special unit consists of two basic units: the military-police unit and the traffic military police. So the training is also essentially different from training in other units, and these soldiers train to combat terrorist commando groups under various conditions: in settlements and out in the country, in the snow or rain, for attacks on hijacked vehicles, airplanes, or railroad freight trains, as security for important figures, commands, military institutions, and other especially well-guarded facilities. It is no wonder, then, that the unit has good collaboration with JAT, with the train escort service on the Yugoslav Railways, with the SUP of the City of Belgrade, the SUP of New Zagreb, and the republic SUP, with whose unit for special tasks the military police has particularly close collaboration. Aside from professional cooperation, the military specials also collaborate with the youth organizations of the "Miroslav Krleža," "Karl Marx," and "Vladimir Nazor" Elementary Schools and also with the youth organization of the Zagreb Tobacco Factory.

"It is a result of that very good cooperation that, say, the 'Miroslav Krleža' Elementary School, the Zagreb Tobacco Factory, and the Special Missions Unit of the republic SUP, received a plaque of YPA on our recommendation," we were informed by Radoslav Gacinovic, officer and president of the local organization of the LCY: "We collaborate with the republic SUP and Zagreb City SUP through joint exercises and camping in the field, and we have also worked together in practical actions in which the military police have taken part in the past."

Since the specials are always in a state of readiness, great attention is paid to morale and political work with the soldiers and also to the work of the youth organization. At the beginning of training about 30 percent of the men in the unit are usually members of the LCY, but another 10 percent or so of them are enrolled during military service, which by today's standards is quite a few. Unity of the collective is indispensable in such units, especially since the units represent Yugoslavia in the small, made up as they are of members of all our nationalities and ethnic minorities, and along with the effort of the officers, persistent training is the best contribution to this, training taht is difficult to get through without mutual help. One of the reasons why there have been no requests for transfers so far in spite of the exceptional efforts is that that training is interesting in itself. That is, members of the YPA rarely have the opportunity to go through the specific training of firing from a helicopter, various combat vehicles, or a moving armored personnel carrier.

Motivation comes with the territory, since the soldiers are training to learn special skills, for example, the martial arts (a knowledge of boxing is not a requirement for the military police, but it is desirable) and to handle special weapons which do not exist in other units and which usually they have never heard of before (for example, passive and active sights and equipment for long-distance viewing which facilitates nighttime firing and observation just as though it were daylight). The unit also possesses equipment to instantly incapacitate an adversary, shock bombs, armored vests, special helmets and helmets with visors, portable radars, equipment to protect against breakins, etc.

This unit also tests itself in practice in everyday operation when it performs missions which it would otherwise do in wartime or in cases when terrorist commando groups are sent into the country.

Aside from taking part in practical actions, every year the "specials" take a part in a large number of exercises jointly with other units of the Zagreb Military District. This year, for example, they have taken part in all the exercises in the autumn as well as certain exercises of the republic SUP.

After the conversation we went with Comrade Gacinovic, who was accommodating, to visit the rooms of the special unit. We passed through courtyards in which

physical training was being conducted in the rain and where marshal arts sections were practicing karate, tae kwon do, and judo.

"We try in every generation of recruits to find someone who has a black belt in one of the martial arts," our host told us. "Thus 2 years ago we had here Kurtovic, a member of the national team who had a black belt on the 4th day. When soldiers like that come to us, we naturally use them both as instructors and also as leaders of these sections. However, the most important thing for a military policeman is that he know how to defend himself against an attack with a stick or knife, to apprehend people and bring them in. We also have good athletic teams here. I would like to organize a game between these soccer players of mine with our national A team and you will see what collective effort means. These players of mine would certainly take care of them!"

The first thing we did in reaching the quarters of the specials was to have coffee with the commander Zikret Ahmic. There was a conversation at once about the University Games which soldiers of this unit helped to organize. Some were part of the YPA special-purpose unit to support the University Games, and others were involved in helping and securing various facilities and events such as the opening and closing of the University Games, traffic control, and other jobs. Since there were no major incidents during the holding of the University Games (in spite of the threats of the emigre community) neither SUP agencies nor the specials were involved to any great extent.

"In any case, every day a large number of people from this unit are on various missions with weapons and live ammunition such as security for various commands and institutions," commander Ahmic said.

We were led into the most special basic unit. That is, when the other specials are sleeping, there has to be a ready team prepared to go to a particular place before the others as soon as they receive the order. The soldiers in this basic unit are always in their clothes as long as they are on duty, and their officers with them.

"They are the best of the best," we were told by their commander, Minic.

As we were receiving a demonstration and explanation of the purpose of various types of special equipment which they have, the soldier Darko Markovic was putting on a bulletproof vest. They told me that he was from Zagreb.

"Connections?" we asked him.

"No, there is none of that here. I did my military service in the usual way in this kind of unit in Belgrade, and now I am here as a soldier under contract for a hitch. After leaving the YPA I worked for 3 years in Toplana, but the salary was low, and the work was done on shifts. Since I

wanted to stay in the army even while I was doing my required service, I rejoined the active service 5 months ago and signed a 3-year contract."

"What is the attitude of officers toward you? Is there a difference between you and the soldiers doing their required military service?"

"There is a difference, and that is normal. I am, after all, someone who has done his required military service already and who knows about life and the army. I even have a son already."

"What were the conditions for employment?"

"I have a normal 8-hour workday, 25 working days a year for vacation not counting the free days I get when I accumulate overtime hours. I also have faster accumulation of pensionable service: 3 months for every year, and I am satisfied with the pay."

"What will you do later, in 2.5 years when your contract expires?"

"I will apply for active service as an officer. Under the new law contract soldiers after reaching the rank of sergeant can go through the academy as parttime students and become second lieutenants or take jobs as civilian employees in the YPA. I think this was a good innovation, especially for unemployed young people who like this profession, since it is not easy later to make up the pensionable service."

We moved toward the garages where we saw new armored personnel carriers manufactured in Yugoslavia. I asked Lieutenant Ahmic what he thought about the new weapon, since tanks are his specialty:

"At present, this is only the initial version, so that there are still some things which need to be installed or improved, but even this is an excellent weapon. With a speed of about 90 km/hr this 9-ton monster can take a trench 0.64 meter wide if it approaches at right angles or a 35-degree slope that is 1.5 meters high. Since it can carry a combat squad and has a very large choice of communications equipment, it can also serve as a mobile communications center. However, best of all are various little touches and improvements of the bad points of various personnel carriers which we have had earlier."

Among the soldiers who "posed" for Ves [photographer: Velizar Vesovic] along with the personnel carrier we met Corporal Vladan Stefanovic, who recently applied to enlist under contract after completing his required military service.

"How is it that you decided to stay here and become a soldier under contract for a specified period of time?"

"Work in the military police is hard work, but I decided on it since I would not have conditions like these somewhere else. I will have my working hours, a good salary, and the other conditions are also good."

"Would you have a job if you went home?"

"I would have a job in Cuprija as an agricultural technician, but I would not have this kind of salary and these conditions."

"What is your workday like?"

"Well, if I find a place to live in Zagreb, then I will have to get up earlier, but if I sleep in the garrison, since here I can get a single room and food without pay, then I will get up at 0630 and work until 1430 or 1500 hours. After work I can do whatever I like, just like all the others, put on civilian clothes and go to town and come back to the garrison when I like, and so on."

"Do you know what unit you will be in?"

"I requested a job in Zagreb or within 20 km from it. That means that I will be here somewhere."

"Can you terminate the contract if you wish?"

"The contract may be dissolved if one of the parties does not fulfill the conditions under which it was concluded, but if I want to I will be able to extend it, which I probably will do, since I intend to enroll in Zagreb in a junior college or 4-year college as an agricultural technician."

"Have you decided where you will sleep?"

"In the garrison. It is better. You get up and you are already at work, and the food is also free and fairly good, and that is not a small expenditure these days. Before I signed the contract, I talked about it all with two boys who had already done this. They say that there is quite a bit of time spent at camp, but I am not sorry."

"Do you think that it was a good idea to allow soldiers to sign up for a specified period of time?"

"Yes, I would recommend it to everyone, since the armed forces really offer ideal conditions. There are those who told me: You must be crazy. But I think that this is a very good thing for unemployed young people."

On our return from the garage we asked the soldiers about their impressions here.

Miodrag Jeki (age 20): The food is good and diverse. This is in fact necessary, since the training is rather difficult, but it is also interesting, since there is plenty of action. One also gains a familiarity with various weapons. The exercise of an attack on an occupied building was the most interesting for me. There are also difficult

things: for example, marching at night in the rain when we go 30 or 30 km. And camping in the field takes quite a bit of strength, but it is also interesting. So far we have had five 10-day periods out in the field. It is during that time spent in the field that I have formed the best friendships with the people I worked with. After all, in the end we are a single collective.

Rade Petakovic (age 19): What took the greatest effort for me were the terrain searches during the camping periods.... I do not have any particular friend. They are all my friends, and that is very important here. There have even been cases when people cried on leaving the YPA. The social life is good. We have films or other performances three or four times a month. The people of Zagreb have been very hospitable to us, and as a city Zagreb itself is very interesting. We have visited "Mimara," the exhibition on Chinese culture, and we have also been to Kumrovec. The officers treat us very well. After all, it is easier to get through it all when you see that these people are going through all that right with you.

Mirsad Cerkez (age 20): I do not know whom I might single out as my best friend. Perhaps that is why we have no great problems here. We work rather hard here: you see, for 4 months now that we have been on guard or involved in missions, since we are a duty unit, we have always been dressed and ready.

Joze Basaric (age 20): The comrades here have received me very well. For me the most interesting part of training was skiing and military police training. I like the company, and when I want to talk Slovene, I go find someone else from Slovenia. The most difficult part of the training for me was drills referred to as "soldier in an attack under a protective mask," but we went through that long ago. One finds free time, there is some.

As we were being shown to the gate, we asked our hosts: "Don't you have any problems at all?"

"We do not have problems. We solve them."

07045

POLAND

Szymanski on Central Reform Plans, Issues

26000119a Warsaw RZECZPOSPOLITA in Polish
9 Nov 87 p 3

[Interview with Dr Wladyslaw Szymanski, dean of Economic Production, Department of Main School of Planning & Statistics in Warsaw, Sejm delegate, Chairman of Commission on Economic Reform & Economic Policy of National Council PRON; by Ludwik Staszynski]

[Text] [Question] In my interview with you in 1985, you spoke in favor of radical, deep reforms in the national economy. You said at that time that "the abnormal scope of the difficulties should make us go on the offensive and radically redirect our management" (RZECZPOSPOLITA No 164, 16 July 1985). Has this postulate been reflected in the program for implementing the second stage of economic reform?

[Answer] The reply, generally speaking, is in the affirmative. Right now the convergence of various factors has resulted in a chance to make reforms, a chance unprecedented in our postwar history.

This chance is the ability to make reforms in order to improve the efficiency of the economy and the state, to take advantage of our last opportunity to enter a new electronics and computer age. It is also a chance at a turnaround which can defend socialism as a political system not only in theory, but also in economically efficient practice. And we must remember that the classicists of Marxism regarded the criterion of efficiency as paramount.

[Question] How, in this situation, do we assess the adequacy of the big, bombastic words which we keep hearing recently and which are so irritating to some people? For example, the expressions we read in the newspapers after the Sejm passed the program for the second stage of reform—"a unique chance," "a definite turnaround," and "we are entering a new era."

[Answer] There is no doubt that the above words mirror the scale of the objectively indispensable transformations. In my opinion, the verbal opening alone fulfills an important role. The bombastically formulated plans create the necessary pressure towards bold formulation of many implementation programs now being produced. They make it easier to neutralize the opportunism, to win over those for whom it is difficult or inconvenient to break through the contradictions which exist between the inertia of dogmatism and the demands of life.

But it would be very dangerous if we were not able to move from great words to great actions. History teaches that only bold, great decisions open up great matters. Failure now to adapt actions to great words and promises would bring about catastrophic economic and sociopolitical effects.

[Question] Bold, decisive reforms require a suitable degree of social consolidation and integration, which, I believe, is not always easy to obtain in Poland. What do you think about the frequent concentration by the mass media on the costs and social sacrifices which allegedly reform carries with it?

[Answer] First of all, we are not making reforms in order for it to be worse, but in order to avoid the worse and be able to live better later. Second, in our situation, a really justified action is not to frighten the people about reforms, but to frighten them about the consequences of the lack of them. Third, reform is, above all, a great social need. One of the greatest needs of every person is the feeling that the future will be secure and good, and what chance is there for that without reform?

Fourth, in expecting more activeness, innovativeness and ingenuity, we make it possible to take advantage of our enormous reserves. It takes no great imagination to realize the effects of the lack of decisiveness and consistency in reformation. After all, we cannot confine ourselves to the concerns which are typical for poorly developed countries. We live in Europe and we must adapt our aspirations to European aspirations. Failure to take advantage in the next few years of the ability to significantly improve our effectiveness means that we consent to mobilize our production resources for the achievement of immediate goals at the expense of developmental goals, that we consent to achieve growth at the expense of quality. This is also consent to a growth in our obligations, not only in relation to our creditors and not only in relation to nature, but also in relation to our own children.

[Question] How do we reconcile our immediate social needs, which after all, are not insignificant, and the long-range goals of which you spoke?

[Answer] It is not possible in Poland now to reconcile immediate and long-range goals without a considerable increase in efficiency. We have neither the economic nor the sociopolitical reserves to buy time. If we are not able to adapt our economy, in the shortest possible time, to a distinct growth in effectiveness and innovativeness, we risk internal strife and further loss of position, both in the West and in the East.

There can be no doubt, therefore, that as far as further general and immediate reforms are concerned, from the objective point of view there is no choice in Poland, because such reforms are an absolute imperative.

We must clearly say that as regards the general directions of economic transformation there are in Poland, among the professionals, no basic differences. The differences in viewpoints pertain to details, the ranking of the importance of particular elements and the indispensable rate and scope of transformations. Also, the conclusions of a large group of independent Western economists, expressed in the World Bank report on our economy,

dated July of this year, are—insofar as direction is concerned—identical with our program, which, in any case, they clearly emphasize.

[Question] What is your opinion of the program for the second stage of reform as compared with the earlier-announced theses?

[Answer] In relation to the theses the program is clearly more radical. In many fields, it is the farthest reaching program of reform in the history of socialist countries. It affects such sensitive matters as the scope of market influence, parent-organ liberalism, sector liberalism, degree of flexibility in the allocation of production factors, degree of freedom in managing economic surpluses, and freedom to change one's place on the market. Naturally, there remains the question whether this program is already fully adapted to the scale of the problems which the country faces—whether we already have the correct ratio between the "what" and the "how."

But we must fully agree with the authors of the World Bank report that despite many harsh challenges to our development and culture, the real Polish challenge is assurance of the implementation of the reform program.

[Question] But does not the reform program also have its weaknesses and certain sensitive points?

[Answer] Such a sensitive point is unquestionably the balancing of the economy and improving its efficiency, which is tied to a radical reduction of subsidies. And we know that balance is the basic and initial prerequisite for the pro-efficiency mechanism to begin to really function. Figuratively speaking, the fatigue strength of a bridge is measured not by the fatigue strength of its strongest span, nor that of the average span, but of its weakest span.

For reform, such a weak span is the ability to balance the market. After all, the point is not that the market be balanced with great effort at a given moment, or that this be a temporary event. Reform requires a mechanism which functions continuously to produce balance. The chronic inability to balance our economy stems from the lack of such a mechanism.

The program attempts to create certain elements of such a mechanism. For this to happen, production and investment must become sensitive to profitability and price changes. Important for balance, although difficult, is the plan to discontinue subsidies to inefficient producers, to gradually eliminate them. We will not balance the economy, we will not apply economic pressure and strong motivation to be enterprising if we tolerate and maintain enterprises which function inefficiently.

Nor will we then obtain the energy, materials and labor force with which to support the best enterprises and the best initiatives. If we do not screen out the inefficient enterprises, the labor shortage will continue and this will

prevent changes in organization and utilization of many reserves. Such a situation also destroys work discipline, aggravates wage competition and escalates inflation. Elimination screening cannot proceed if we do not make changes in monetary and financial rules. And here, in my opinion, lies the key to the success of the second stage of reform.

Only then will it be possible to stop making decisions which carry with them no economic responsibility, but do carry all of the attributes of authority.

[Question] Everyone wants efficiency. But some want conditional efficiency, i.e., they believe that striving for efficiency should not disturb the comfort in which they have been functioning in the past.

[Answer] Unfortunately, as the English say, you cannot have your cake and eat it too. Reform, as a matter of fact, does not require material sacrifices but abandonment of past undemanding working conditions. Reform does not threaten any group with poverty. But it is unquestionably a great threat to indolence, sloppiness and failure.

[Question] In the past, some people expressed the opinion that a pretense mentality prevails in society, that the emphasis is on immediate achievement and that the long-range interests of the people are being ignored. Is this really the case?

[Answer] The referendum may turn out to be a verification test of these opinions. After many, not-the-best experiences in making reforms, we cannot delude ourselves that it will be easy to obtain universal, rousing support and active commitment to the present reforms.

We cannot look at reform simply from the standpoint of big economic problems which reform is supposed to attack and solve. We have to look at it also from the standpoint of the social forces which are really supporting reform and those which are blocking it in one way or another. The result of the referendum is very important to their neutralization. It is important, therefore, that in the big public debate which precedes the referendum, the credibility of the authorities as to reform and the understanding of the inexorable demands of the economy increase sufficiently in the minds of the people so as to obtain their broadest possible support. And that those who are not fully convinced at least show understanding and acquiescence.

9295

PGR Production, Export Figures

26000119b Koszalin GLOS POMORZA in Polish 30
Oct 87 p 3

[Article by Jerzy Lesiak]

[Text] We have written many times that the export of strawberries is good business. This year, from not quite 1,000 hectares of strawberry plants in Koszalin Province, over 7,000 tons of fruit was picked, of which at least

5,000 tons, valued at over \$4 million, was exported (and is still being exported in the frozen or canned form, or as jam).

Already last year, Poland achieved a favorable balance in sales of farm-food articles. In return for farm-food, Poland imports grain (3 millions tons last year), high-protein feeds and chemical additives for feeds, pesticides, seeds, machines and equipment, etc. We looked at recent price quotations on raw materials on the world commodity markets. For \$4 million, for example, one can buy 80,000 tons of barley (the basic ingredient of feed mixtures for hogs). In order to obtain this amount of grain in our country, at an average yield of 30 quintals per hectare, we must plant about 27,000 hectares. One hectare of strawberries gave us as much as 27 hectares! This is a good example of how to make not only more out of little, but much more!

The prospects for expanding the export of berry fruits, particularly strawberries, are good. Poland signed a long-term contract for deliveries of fruit to the absorptive Soviet market. This year, you recall, a strawberry airlift began to operate between Moscow and Slupsk and Koszalin. Many Western firms eagerly buy our fresh, refrigerated and frozen strawberries. That they are serious about their trade with us and thinking long term, is best shown by the fact that they are giving us credits for construction of a freezing plant. A refrigeration plant in Koszalin has taken advantage of credit from the Dutch firm POLPRODUCT to build, in less than 3 months, an additional refrigeration storage plant with a freezer tunnel. Using credit from the Swiss firm TRADAX, a horticultural combine in Karnieszewice is building a 3-ton capacity refrigeration plant with two deep-freezing tunnels. These are investments which produce quick profits. Already next year, Karnieszewice will be able to export frozen strawberries for \$1.5-2 million, while the foreign-exchange cost of building the freezing plant does not exceed \$1.4 million.

Much points to the fact that PGR Czaplinek will have the third "turnkey" imported freezing plant in Koszalin for credit granted by one of the Western firms. Work on this, with THZ INTERPEGRO serving as intermediary, is in the advanced stage. Construction of a 2,000-ton capacity refrigerator plant, together with a deep-freezing tunnel, is planned.

Why PGR Czaplinek? Because the people here are enterprising and have initiative. Land for strawberry planting was assigned out of the PGR acreage and turned over to the employees in plots measuring 2,000 square meters each. This year, 14 hectares fully bore fruit. Procurement totaled 136 tons, of which 95 tons of fresh and refrigerated strawberries were exported to West Berlin, Denmark, Sweden and Holland, and approximately 40 tons to the USSR and Czechoslovakia. Seventeen million zlotys was paid for the fruit and it was sold for 27 million zlotys. The net profit for PGR, after

deducting the cost of procurement, packaging, transport, refrigeration, etc., amounted to over 6 million zlotys, including approximately \$5,000 in the form of a hard-currency allowance.

Thus the state made a profit, the farm enterprises made a profit, and the people made a profit. The average receipts from the cultivation of a 2,000-square-meter parcel totaled approximately 230,000 zlotys. For those families in Czaplinek who grew strawberries, this means that their annual earnings were doubled. During the strawberry-picking season, whole families worked—children, grandparents, and friends, every day of the week, rain or shine. Strawberry-picking takes place at the end of June and the beginning of July, after the hay has been gathered but before the crops have to be harvested.

Encouraged by the export of strawberries, the PGR manager, Bogdan Steckow, also arranged the export of 40,000 tons of red currants to the USSR and is now exporting black elderberries. Procurement points have already been set up in the area and over 100 tons have already been bought. After refrigerating the berries in the PGR storage plant, a Dutch firm buys them immediately, paying from \$350 to over \$400 a ton. PGR's net profit from this activity will be approximately 8 million zlotys. Let us add that black elderberries do not need to be planted. They grow wild on the fringes of forests, in river gullies, alongside roads, etc.

But this is not all. PGR bought about 200 tons of onions which, after it is dried and sorted, will be sold to one of the English firms. The export contract was signed through the intermediation of INTERPEGRO.

From these export operations PGR Czaplinek will net over 15 million zlotys this year. In the 1985-1986 farm year the enterprise had an income of about 60 million zlotys from an 8,200-hectare area, and this was due only to heavy state subsidies for fodder production.

"We regard this year's export as a success, but this is still a very modest beginning," says Bogdan Steckow. "We will gather momentum after the freezing plant is built. With this investment in mind, we are now enlarging our strawberry plantation to 20 hectares, and next year to 50 hectares. We are now giving the plots not only to our employees, but to anyone living in Czaplinek who wants one. We are also setting up plantations in our agricultural plant in Lubow. Because the freezing plant will cost several hundred million zlotys and we cannot afford such an expenditure ourselves, we want to build it jointly with our neighboring PGRs in Zlocieniec and Polczyn-Zdroj, where land for strawberry plantations is already being subdivided. We are also trying to persuade PGR Barwice to join our company. Four big PGR's, which own land around four small towns in which there are thousands of willing hands to work on strawberry plantations! One of the largest producers and exporters of berry fruit in the country may originate here! Thanks to strawberries, several families in our PGR have been able

to buy color televisions, several have bought automatic washers or refrigerators, and there are even a few more small Fiats. No one can save up enough money from an average salary alone for such expenditures."

Bogdan Steckow has greater ambitions. He dreams that in the future, in addition to the freezer plant, there will also be built a fruit-and-vegetable processing plant, a factory in which applesauce will be produced for export from the PGR apple orchards, maybe even a small dairy.... Who knows? The assumptions of the second stage of reform clearly encourage the expansion of farm-food processing in the PGRs. In order not to be a loser and ensure one's own future, one must try unconventional solutions, or very simply, use one's head.

9295

VCR Production Plans, Economic Feasibility Questioned

26000119d Katowice TRYBUNA ROBOTNICZA in Polish 23 Oct 87 p 5

[Article by Krzysztof Kuzniewski]

[Text] Although we presumably have over half a million video cassette recorders, this is still far from meeting our requirements. In this year alone, PEWEX and BALTONA intend to import a total of over 100,000 VCRs.

According to some estimates, in order to balance demand with supply, we must supply 300,000-400,000 VCRs a year to the market. This balance will not be achieved until the Kasprzak Plants and the leased Diora begin to produce VCRs.

The plans are ambitious. It may be that in trying to fulfill our dreams Kasprzak is promising a production of approximately 100,000 units a year by as early as 1990. Diora is supposed to reach the same production capacity exactly a year later. Ostensibly, everything appears to be in order, except that we keep hearing opinions suggesting that it is inadvisable for our electronics industry to undertake such production. Concern is expressed about the quality of the equipment which, after all, is one of the most complex.

The fundamental doubts come down to the following question: Can we, in a country in which there is a lack of good quality subassemblies, integrated circuits, condensers, resistors and electric motors, produce a good quality VCR, i.e., one which will guarantee the user fail-free operation?

It is no secret that only those firms throughout the world produce VCRs who can count on parts and assemblies of suitable quality. We also know how difficult it is to produce an audio recorder, therefore it should not be hard to imagine how difficult it is to produce a video recorder. After all, the companies which produce VCR's are those which have the most advanced technologies.

Others, including, e.g., Czechoslovakia and Hungary, restrict themselves to the assembly of kits, i.e., sets of parts supplied to them, or to production based on purchased licenses. All attempts to solve the problem on one's own, as a rule, have ended in failure.

The beginnings of the Polish industry's "adventure" with video go back to 1972, when Kasprzak began to produce the first reel VCR's. After the vicissitudes connected with selection of the proper system and gathering experience, 15 years later we are still, for all practical purposes, at square one. The first series of our own VCR's, operating on the VHS system developed by the Japanese company JVC—which dominated the world for 10 years—will not appear until the end of this year. We are being promised 500 units of a model designated MTV 100. In 1988 Kasprzak will produce 10,000 units, but in the middle of the year the MTV 100 model will be replaced by a MTV 200 model, which will be quite different from its older brother.

What Will It Be Like?

Unfortunately, at first glance it will not arouse rapture. The cabinet is unattractive, very heavy—twice as heavy as that produced by other companies. But after all, the visual effect is not the most important. What is important is its reliability and its mechanical features. The latter put the MTV in the bottom half of the world class medium. As far as reliability is concerned, it should be said that Bogdan Dreszer, a Kasprzak engineer often called the "father of the Polish VCR," does not conceal his fears as to the quality of the subassemblies supplied by coproducers and is afraid that Kasprzak will be the scapegoat for the poor quality work of others. During the recent Video Producers Fair in Lublin he also said that MTV 100 is a design which is 3 to 4 years behind the Japanese. But there are many experts who say that MTV 100 is really a museum piece. For example, Dr Wladyslaw Bajsert, chief of engineering at ITI which services and promotes the sale of equipment produced by the giant Japanese company Hitachi, (11 million VCRs a year!) says that this design is comparable to the models produced in Japan in the late 1970s and early 1980s. Anyone can easily figure out, therefore, how old the MTV will be in 1991.

But let us put aside the dispute about the up-to-dateness of the design—although it is difficult for us to reconcile ourselves to the idea that when the Polish VCR appears on the market it will already be at least 8 years old, or will be only the unsuccessful product of engineering ambitions or the result of the current capabilities of Polish industry. Let us take a cold look at the whole matter from the viewpoint of an economist, although how much has been spent on a program to build a "Polish VCR" still remains a mystery.

But in Kasprzak they do not conceal the fact that they are still looking for a way of producing VCRs in cooperation with the leading producers of video equipment. In any

case, neither the MTV 100 nor the MTV 200 will be produced exclusively on the basis of Polish subassemblies. The foreign-exchange input in the case of Model MTV 100 is approximately US\$60, and it is expected that this will be cut in half for the MTV 200. Furthermore, this is only direct import, which does not cover the purchase of machines and special equipment essential for the production of individual parts. The important test for Polish video, the real "to be or not to be," may turn out to be the second stage of reform. Because if institutions and enterprises will be able to freely buy bonds and later redeem them at PEWEX for electronic equipment, then who knows whether any of them will want to buy a Polish video. The competition may bring about a situation in which it may be more profitable to purchase VCRs for PKO SA bonds. The following fact seems to confirm this conjecture: Towards the end of the year, Kasprzak is supposed to begin assembling kits obtained at bargain prices from the South Korean company, Goldstar. These medium-class VCRs (a total of 3,900 kits have been purchased) are to be sold at approximately 450,000 zlotys. Apparently someone has forgotten that already now in domestic-export enterprises a good VCR can be bought for about 400 dollar bonds. Unless it is true that the Polish producers of VCRs will exercise their only defense—force the prices of VCR's sold by PEWEX and BALTONA to be increased.

The plans of our own producers envisage market saturation with Polish VCRs and so we should really applaud them. But Diora is not as modest as Kasprzak and announces that it is going to export its VCRs to the capitalist and socialist states. All that is doubtful is whether we will really be able to compete with other producers who offer equipment at a lower price each year. And of a higher and higher quality. Already now, well-known Far Eastern companies are selling their VCR's at about US\$300 each.

Must we therefore abandon our dream of a Polish VCR for zlotys? Not at all. Really, there is no way by which we can deprive the potential buyers of their hopes and the designers and producers of their ambition and zeal. But still, we must begin to examine our costs and stop and think about our own capabilities.

9295

Numbers Manipulated in '500 List' Reported Profits

26000117b Warsaw TRYBUNA LUDU in Polish
9 Nov 87 p 4

[Article by Andrzej Leszczynski: "Phony Profits"]

[Text] "... Discontinuance of unwarranted subsidies on products and services so that prices will reflect their real value and waste will produce painful economic consequences." (Excerpted from explanation of question 1 on the referendum.)

Twenty-eight billion twenty-three million zlotys. What a profit! The highest achieved last year by a state enterprise in Poland. That was the sum recorded on the books of the Copper Mining and Metals Works in Lubin. Even POLMOS (the vodka producer), which, from the standpoint of sales, has been the leader for years, recorded a profit 5 billion zlotys less than that for the same period.

Profits From Abatement

I write with a certain reserve about a profit which was recorded but was not earned. And not without reason. What I am saying is that these amounts are not entirely credible. For several reasons.

From the list of the 500 largest enterprises (on which the Lubin Works occupies fifth place), it appears that its over 28-billion profit contains 1,142 million zlotys of subsidies from the state treasury, and that 7,294 million zlotys are the result of all kinds of abatements.

Of course, all countries in the world apply a specific tax policy along with abatements and subsidies. That is true, but should those cases in which one-fourth of the profit comes from abatements and subsidies not arouse interest?(1) But common sense dictates that profit is some kind of value that has been earned, and not awarded or made a present of.

The reader understands that I am not against the Lubin enterprise, but rather against the established economic practices which undermine the credibility of an achieved profit and distort and skew the economic figures. And this does not pertain to just one enterprise. In continuing on this path, let us clearly say that abatements and subsidies are not the only factors which distort economic figures.

Free Energy?

I do not know how many tons of coal were burned last year in the Lubin Works in the extraction of copper ore or how much electric energy was used in the flotation and electrolysis process. But for each ton of coal used directly or in the form of electric energy, the Works, just as other enterprises in the country, paid 1,236 zlotys less than the cost of mining it. Ministry of Finance figures show that last year the average cost of one ton of coal together with transport was 5,034 zlotys, and the average sales price was 3,798 zlotys. This difference should be increased by the production costs of the enterprises using the coal, and in essence, reducing their profits.

Nobody got anything free in this case. At these reduced prices of coal, the coal-mining industry, in order to somehow "make out," had to receive a substantial subsidy last year—271.8 billion (includes brown coal). This "coal" subsidy, which came from taxes, represents 95 percent of the entire sum allocated for subsidizing producer raw materials and services, and one-fourth of

all of last year's subsidies to organizations. This gives a picture of the "abnormality" of the prices of coal. But this is only part of the truth.

How Much Should It Cost?

The coal subsidy mentioned ensured the coal mines scarcely 5 percent profit. However, based on 1986 mining costs it was determined that in order for the mining industry to cover the indispensable development fund and the workforce fund out of its own money, the profit figure would have to be 10 percent. This means that the sales price of coal would have to rise faster than the cost of mining, encumbered by the increasingly more difficult conditions of digging it. And until now it has risen more slowly. During 1982-1986, the sales price of hard coal rose 93.1 percent and the cost to mine it rose—148 percent.

And after all, basing prices on production costs is not the correct solution. It does not encourage thrift or discourage waste. Anyway, the customer will pay! Should we not, therefore, fix the price of coal on the basis of the prices obtained in export, which reflect the laws of the international market? Then last year's sales price of coal would have to be 57.7 percent higher—it would amount to approximately 6,000 zlotys. Naturally, this would have an effect on an overall growth of retail prices, which we will discuss a little later.

Too Much Murkiness

In a situation in which prices are neither the equivalent of social outlays nor a mirror of market indicators, and profits are earned only in part and in part are a "book-keeping entry," it is difficult to talk about correct cost figures. And the erroneous calculations made in one enterprise repeat themselves in the enterprises that follow.

Cheap coal distorts the cost of producing energy (84 percent of the energy in Poland is produced from coal), iron, steel, and nonferrous metals. And the chain extends to other areas of manufacture also. There is too much murkiness here to make a serious calculation. And we very much need an honest accounting of social outlays and results. Really honest, which would help us correctly divide up the national income.

The idea that profit should be made the source of wages and that only the equivalent of the material cost of living should be included in the cost of manufacturing, appears very tempting. In other words, however much the surplus you and the entire workforce earn for the enterprise, that is proportionally how much more you will be able to earn. The object, therefore, is to pay not only occasional bonuses and prizes out of profit, but normal wages also.

But these principles cannot be put into effect until profits become a credible value.

And the paradoxes of the profit and costs figures now being used do not end here. The Lubin Works, which buys coal at lower sales prices, also sells the copper that it produces at transaction, export prices.

As reported by the Ministry of Finance, last year the average cost of producing one ton of copper, as shown in the Works' records, was 169.979 zlotys, and the average sales price was 215.333 zlotys. Thus the Works earned over 45,000 zlotys on every ton. In the first 6 months of this year the difference grew to 50,500 zlotys.

The Lubin Works is not to be blamed for this, but the price policy. In some cases it favors the enterprises, and in others it subjects them to losses.

Therefore, price restructuring is dictated also by the need to return to the familiar socialist principles: an equal start and the same wages for the same work. This is worth considering in the context of the referendum, and especially in the context of question 1. But these thoughts about coal and the prices of raw materials lead us further.

We Are Not Thrifty With What Is Cheap

In the World Bank report devoted to the Polish economy we read as follows: "With the exception of petroleum products and natural gas, energy prices are much below their economic costs. Energy coal for industry is priced at approximately 50 percent of the export costs, after deduction of transport costs (...) Electrical energy prices are an average 32 percent of the initially estimated long-range extreme cost, and for households, at scarcely 18 percent of this cost."

All of these figures tell the foreign experts that cheap fuel and energy do not promote thrift. Therefore, this is how they see the situation in Poland:

"Energy savings has not had a high priority in enterprises because of the wrong incentives. The systems issues, such as the general application of a cost formula to prices and lack of financial discipline, reduce interest in minimizing costs, and are, in part, the reason for this state of affairs.

And that is the truth. In 1986, in order to obtain 1,000 zlotys of national income, we spent 1,143 zlotys for materials, which was 287 less than in 1980, but still too much. To generate 1 million of national income, we allocated 16.9 tons of standard fuel, and in 1985, 17.3 tons.

Undoubtedly we are seeing progress in the reduction of materials- and energy-intensiveness in production. But this progress is not comparable to the amount of savings achieved in various countries of the world. We find

figures which show that in this regard we are two-and-a-half times worse. Cheap raw materials are not conducive to thrift. And without a thrift economy there can be no effective economy.

(1) In one of his October reports, Eugeniusz Guz, PAP correspondent, reports that the amount of state-aid and subsidies in the FRG totals 1.6 percent of the national income. In Norway, this percentage is 6.1; in Sweden, 5.2; in Belgium, 3.6; in Italy, 2.7; in France, 2.1; and in England, 1.8 percent. My calculations, made on the basis of figures contained in the "1987 Statistical Yearbook" show that in Poland subsidies and grants out of the state treasury, and other expenditures for economic organizations (p 110, Table 7 152) constitute 18.08 percent of the national income generated (p 89, Table 3 123).

9295

Soviet Exporters to Poland Honored

26000046e Warsaw TRYBUNA LUDU in Polish
20 Oct 87 p 6

[Text] PAP correspondent Slawomir Popowski notes that at the Polish Embassy in Moscow on Monday [19 October] a ceremony took place in which diplomas and medals from the Polish Chamber of Foreign Trade [PIHZ] were conferred on 1987's 16 best Soviet enterprises exporting their products to Poland. They are Minsk Tractor Factory, Swierdlowsk "Ural-Azbest" Works, Ust-Ilim Timber Industry Complex, the Lenin "Kriworozstal" Metallurgical Combine, Poltava Mining and Treatment Combine, "Elektro" Manufacturing Association, Tomsk Pressure Gauge Works, "Zielonograd" Manufacturing Association, Kostromsk Textile Machine Construction Works, Riazan Lathe Industry Association, Nikopolsk Crane Construction Works, Leningrad "Pozitiw" Works, "Kommunist" Mine Equipment Works, "Elektrosila" Industrial Association of Leningrad, "Poplimir" Manufacturing Association of Nowopolock and Briansk Machine Construction Works Manufacturing Association. PIHZ President Tadeusz Zylkowski conferred the diplomas and medals.

Jewgienij Pitowranow, chairman of the USSR's Chamber of Industry and Trade, participated in the ceremony.

12776

Reader Questions Sincerity of Reform Rhetoric

26000045f Warsaw POLITYKA in Polish No 41,
10 Oct 87 p 2

[Commentary by Karol Szymus from Wroclaw: "Is FIRMA Legal?"]

[Text] The significance of enterprise activity is supposed to grow during the second phase of the economic reform. I hope that this also means private enterprise and that

everything does not end in rhetoric. Meanwhile, everyone who conducts business activity on his own is completely alone or at the most forced to cope with rather uncooperative office workers. This, after all, is inconsistent with today's work rules. We are groping in the dark. People from private enterprises lack a mutual bond. They need advice and assistance. There is talk of some sort of efforts at becoming organized but it is only talk. There supposedly exists—I happened to see it once—a monthly called FIRMA for small business with the so greatly needed tax advice. But where can this publication be obtained? It is not to be found at the newsstand. It does not exist on the subscription list at the post office. Is this an underground publication and therefore cannot be purchased?

This is only an illustration of the truth that on the one hand we hear grand things from the authorities about private business and on the other hand, there is so little practical organizing of this form of enterprise and economic animation.

9853/12232

YUGOSLAVIA

Drawbacks of Anti-Inflation Campaign

28000046 Belgrade NEDELJNE INFORMATIVNE
NOVINE in Serbo-Croatian 6 Dec 87 pp 7-8

[Article by Scepán Rabrenovic: "A Crisis by Agreement"]

[Text] If there is any value to the Anti-Inflation Program, it is not its therapeutic value, but rather that many mistakes have become clearer. The first mistake is that its proponents believed that the Yugoslav economy would look different following adoption of what was adopted. It would, but only in appearance. That document was both drafted and adopted in the same old way—by agreement on redistribution, in the same way as all the government packages have been adopted in the Yugoslav Assembly over the last several years: So that some republics would be "drawn in" by the higher prices for energy, raw materials, and food, others were promised a change in the foreign exchange system and a devaluation of the dinar, along with retention of almost all the export "incentives."

And when all of that is multiplied, divided, subtracted from, and ultimately summed up, then comes the realization that no one gained, that everyone lost, but in vain. There can be no serious economic reform in any country, especially not in Yugoslavia, in which there are some who do not lose. Back at the time of adoption of the Long-Range Economic Stabilization Program it was reliably known that its implementation would cost the standard of living at least 30 percent, while under present conditions an effective reform would have to cost the standard of living at least 50 percent.

The federal government has computed that the most recent Anti-Inflation Program would reduce the standard of living by 16 percent. Too little for a guaranteed success, but too much to have to pay for mistakes.

Strikes Against the Government

It was also a mistake to think that the Anti-Inflation Program would correct injustices. In fact precisely those which had been inflicted by the government. At the time of its adoption the delegates from Slovenia were the most militant in the SFRY Assembly. They objected to it because it did not conform to the Long-Range Economic Stabilization Program. But there was more than that: they believed that Slovenia had the most to lose.

It was estimated even then that after its adoption there would be worker unrest in Slovenia. That kind of unrest was even announced. What happened, however, was the opposite of what was expected: It was the workers from Macedonia who went out into the streets, those who it was said had the most to gain from the Anti-Inflation Program. They were joined in numerous strikes by workers from Serbia and miners from Bosnia.

How is it that the first to rebel were those who supposedly had gained from the Anti-Inflation Program, not those who supposedly had lost by it? The explanation is simple: Every worker at the steel mill in Skopje or every Bosnian miner, even those who know no more than the four basic operations in arithmetic, could easily have calculated that in fact they gain nothing. The "adjustment parity" had raised the prices of their products, but a large part of that increase was taken away by the rise in their costs. In addition, the "adjustment of parity" did not eliminate the injustices inflicted on them by the government that had existed until that time. That is, most of the losses occurred because of the government price policy that had prevailed until that time, and their present gains were unable to offset those losses.

That is why the workers went into the streets in protest against the government as its employer. The employer reacted speedily: he allowed nonexistent money to be divided up among the workers. Since the employer had not guaranteed the conditions for conduct of economic activity that would obligate the workers of the steel mill in Skopje to reassess their programs and to do so at their own risk, he had to loosen the purse strings. An inflationary purse, of course. The employer thereby postponed establishment of the economic coercion which is the only thing that is fair. But not only that: the employer was thereby the first to deny the policy which he had proposed and on which he had insisted so stubbornly.

This was the explanation of the worker unrest in Macedonia that arrived from Slovenia: that "FENI" and the other Macedonian failures were to blame for everything. Here again the Slovenes were right. Macedonia's economic troubles would not have been so great if money had not been squandered to no purpose. This Slovenian

explanation, however, conceals the essence of the way the Yugoslav economic and political system works: the Slovene ethnic bureaucracy had been smarter than the Macedonian. We thus have economic competition among ethnic bureaucracies, not enterprises. So that the explanation of the consequences of the Anti-Inflation Program might nevertheless be complete and so that we might examine its futility as a whole, we have to clarify the causes of the protest of the Slovenian steelworkers. Although they had been granted a price increase of about 50 percent, they still rebelled. And how could they not rebel when the most recent price increases brought them in perhaps 2.5 billion dinars to the end of the year, but because of the government price policy conducted up until that time they had lost about 50 billion dinars in the first 2 months of this year. (The Slovenian steelworkers are a segment of Slovenia's working class, so that we can assume that their productivity is at least at the level of the republic as a whole.)

Even Slovenia Is Lagging Behind

The Anti-Inflation Program is nothing other than a pretense that everything can be solved with government measures. A 160-percent level of inflation is not a reliable indicator in describing the crisis today. Montenegro, Macedonia, and Kosovo have already proclaimed their own bankruptcy if we are to judge by what was said a few days ago in a meeting of Serbian economists in Kragujevac, it could easily happen that Serbia will soon go bankrupt as well. Branko Miljevic, the most prestigious banker in the republic, declared in Kragujevac the "complete collapse of the economy of SR Serbia proper," which "is not lagging in its development, but is rapidly going backward."

In Bosnia-Herzegovina, even if we omit the consequences of "Agrokomerc," the situation is no better than in Serbia, and Vojvodina is closer in its level of development to the underdeveloped than to the more advanced federal units.

Even Slovenia is lagging behind: For example, one needs only to look at the level of development of that republic in 1965 (and that was after the devaluation of the dinar that took place at that time) compared to neighboring Austria and the same comparison today. Every Slovene will get a headache from that comparison.

The year 1979 is usually taken for comparison with neighbors as to the level of development. Wrongly: This is the year when Yugoslavia took the largest foreign credits and when the dinar's exchange rate was unrealistic.

The appearance of its economic superiority in Yugoslavia could cost Slovenia dearly. Slovenian exports, for example, are not competitive in spite of the large export incentives. That is why Slovenia is insisting on devaluation of the dinar. A realistic rate of exchange is the basic precondition for larger exports, but there has been no

effective devaluation that would reach the prices of Slovenian products in the country. Here is the evidence: Over the last few years the dinar has been losing value faster than inflation has been growing in the country, while exports have decreased in real terms over that time.

There are some in Slovenia who are ready to interpret the decline in demand for Slovenian products in Yugoslavia as revanchism toward that republic because of what has been happening there—from Christmas cards to “civilian society.” It would be a good thing if Slovenia studied the extent to which that decline in demand was influenced by the prices of Slovenian products on the one hand and the impoverishment of the other regions on the other. Then we would have a confirmation of the old truth that “money is ethnically blind.”

“De-Kardeljization” and “the Assault on Heaven”

We might be criticized in the federal government for not mentioning its announcement of a reform in these reflections out loud. If that announcement is only what is written in the Anti-Inflation Program, then that is not enough for a reform. At least not enough for the kind of reform that Yugoslavia needs now. But if something else is intended, something which has not yet been made public, then the federal government, and in this it is not alone, has a fierce battle ahead in the “frozen pause.”

Slovenia has already announced the battle by objecting to the banks becoming independent. This opposition was recently declared by Milan Kucan, first man among Slovene Communists, and then an opinion to that effect was officially submitted to the Constitutional Commission of Yugoslavia. The argument behind that Slovenian opposition is that the banks could not be independent because that would create bank capital. They have to continue to be a kind of service to the economy.

This does not square with the positions taken by the Slovenian Assembly, which in debating the Anti-Inflation Program, insisted on the independence of the enterprise as the basic prerequisite of a market economy. The question remains: Can an enterprise be independent if the bank is not independent? Or put another way: Can any product have an objective market price if there is no such price on money?

There are three preconditions for a country's economy to be truly a market economy: an independent bank, an independent enterprise, and an intelligent government. So, Slovenia is insisting only on the independent enterprise. Without an independent bank there is in turn no real money as the basic measure of value of what the enterprise produces. Nor, of course, can there be a democratic society. There is only manipulation over what belongs to whom and how much belongs to each. And Yugoslavia fell into the crisis mostly because its economy has been based on manipulation for the last 15 years.

The Slovenes have been doing no service to Edvard Kardelj when they refer to every serious intention to change the economic and political system as “de-Kardeljization.” We have put the question once already in the pages of this newspaper: If there is “de-Kardeljization,” does that mean that there has been “Kardeljization” of the system? It would be good if the “Brioni transcripts” from the time when the system for the “optional society” was created were accessible to the public.

The resistance to change is not coming from Slovenia alone. One gets the impression that there is more of it in the League of Communists than anywhere else when it does not respect its own program, when it inserts itself as judge of what is right and what is wrong.

At a recent meeting of the Belgrade City Committee of the League of Communists there was discussion, we recall, of able and incompetent personnel, of young and old, and also of Belgrade's need for bold personnel who would “assault heaven.” There was more than discussion of the criteria of success and the conditions under which, say, the year-end statement might be the judge of who has been an effective manager and who has not.

The resolutions of the Eighth Meeting of the Serbian LC Central Committee state that economic coercion is a precondition for getting out of the crisis. An “assault on heaven” of any kind, then, is the ideological basis of economic and political voluntarism. And the more we rely exclusively on such assaults, the further we will be from heaven and the closer to the bottom.

[Box, p 7]

Personal Incomes (Based on the Conventional Unskilled Worker)

	1965	1974	1985
Yugoslavia	100	100	100
Bosnia-Herzegovina	96	96	91
Montenegro	89	87	79
Croatia	105	106	107
Macedonia	82	85	72
Slovenia	129	117	138
Serbia	93	93	91
Kosovo	81	87	86
Vojvodina	92	99	99

Distorted Mirror

We took the table above from a study of redistribution in Yugoslavia prepared by Dr Sofija Popov of the Institute for Industrial Economics in Belgrade. It is clear from it that the differences in earnings between the advanced and underdeveloped federal units have been smaller in periods when the country had something approaching a market economy than in the times when the government

was deciding what belongs to whom and how much of something each is to get. According to the figures for 1986, those differences are still more drastic.

Dr Sofija Popov also proves that the Slovenes have truly been looking at themselves in a crooked mirror with figures to the effect that in Slovenia, and in the other federal units as well, the efficiency of capital invested has been dropping and that productivity has been dropping even in Slovenia. The explanation is simple: An incompetent system produces the same results everywhere.

[Box, p 8]

Unplowed Hectares, Empty Pens and Stalls

The government has upset farmers most of all. At one time it threatened them with mandatory purchases, and for years now it has been threatening them with prices, although it is them who have been its most devoted subjects: The prices of farm products have in recent years been rising considerably more slowly than inflation, so that they are the only ones who have been paying a real rate of interest. Real in more senses than one.

The government has not been threatening farmers only with low prices, but also with imports at lower "world prices." And everything is being imported: from bread and milk to onions and garlies and carrots.

In such situations the government habitually justifies the imports in terms of the lower prices on the world market. But that "world market" consists of countries which because of their debts are in a more distressing position than Yugoslavia (Romania, Poland, Hungary). In some of those countries food is being distributed for ration coupons. This is not in fact importing, but bartering. Only imports of food from the more advanced countries could demonstrate the depth of the Yugoslav error about world prices and domestic prices.

The farmers did get a little bit from the most recent "adjustment of parities," but it also took quite a bit away from them (higher prices of petroleum, electric power, and fertilizers). Just enough to continue the biggest strike in the country, a strike that has lasted for years now: several million hectares are not being cultivated, and the pens and the stalls are getting emptier all the time. It is the government that is the organizer of this the largest of strikes.

07045

Problems of Foreign, Domestic Debt Issues Discussed

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian
2 Nov 87 pp 21-23

[Article by Tomislav Dumezic: "Financial Consolidation: Who Will Pay the Debts?" First paragraph is EKONOMSKA POLITIKA summary heading.]

[Text] A program for domestic debts in addition to a normal foreign debt consolidation program would be superfluous—Why financial consolidation of the economy has been ignored—Measures based on the current property structure are decidedly inflationary.

The inflation control program of the Federal Executive Council is based on two prerequisites, consolidation of foreign debt and elimination of unpaid domestic debt. This is a good thing, because the fundamental sources of such high inflation are to be found precisely in these forms of debt. The problem is, however, that the approach to foreign debt consolidation is incomplete and one-sided, while the approach to determination and elimination of unpaid domestic debt is entirely erroneous. Why? Because the bulk of unpaid domestic debt is made up of negative exchange rate differences (in connection with foreign credit and individual foreign currency savings) and so is a direct consequence of foreign debt and foreign currency indebtedness toward individual citizens. If a normal foreign (currency) debt program has been devised, and the normal program requires not just proof that deferment of payment to foreign creditors is necessary but determination of specific debtors (persons with financial obligations) in the country as well, along with calculation of the part of this debt which can be allocated and disbursed out of future retained earnings of a debtor and the part that can be paid out of currently available assets, there would be no need for a second program applicable to domestic debt.

The problem of foreign and domestic debt must be approached sober mindedly and with no mystification whatsoever. First, the main difficulty with this problem is not that the foreign debt is large but that the debt is not covered because it is not backed by specific debtors or solvent debtors. The same statement applies with greater force to foreign currency obligations to holders of savings accounts. So it is that Yugoslavia, along with many other countries, has shown how easy it is for the public (government) sector to get into debt and how it is even easier for it to waste this real money belonging to someone else (a foreign creditor or individual saver), but (precisely for this reason) how difficult it is to pay it back. Second, unpaid domestic debts consist chiefly of unpaid negative exchange rate differences connected with foreign debts and foreign currency savings. Other unpaid domestic debts in the public sector (non-payable bank investments, non-payable claims of economic organizations, secured losses in the form of overpriced stocks, and declared unsecured losses) are settled by simple reconciliation of the value of the assets, with no effect on the profit and loss statement and with no wider additional monetary results. If neither banks nor enterprises are independent agents, if the funds are public, and if the assets of a company have no impact on the individual incomes of employees (there is no distribution on the basis of capital, nor is there capital), such reduction (write-off) of assets is entirely normal and acceptable, and the only risk is the territorial aspect of this problem.

Such an approach to unpaid foreign and domestic debts is unavoidable also from the viewpoint of inflation control policy. Such high inflation does not exist in

Yugoslavia because the foreign debt amounts to 20 billion dollars and the debt to individual citizens around 10 billion dollars. Inflation exists because of the fact that debts are not paid by debtors either out of earnings or out of assets (even when only interest and debt servicing costs are involved), neither are they paid by enterprises or individual citizens out of the income tax, but rather funds are acquired chiefly through illegal channels, and this process has an inflationary effect.

The Volume of Domestic Debt

Unpaid domestic debts are to be found in the National Bank of Yugoslavia, in the commercial banking system, and in economic organizations. The majority of unpaid debts are located in the National Bank of Yugoslavia. The unpaid negative exchange rate differences connected with a part of foreign loans and with the foreign currency savings of individual citizens are here. Typically, the unpaid exchange rate differences in the National Bank of Yugoslavia increase each year in proportion to inflation. At the end of 1986 they amounted to around 6,600 billion dinars, that is, 14.5 billion dollars at the then rate of exchange. At the end of 1987 the unpaid negative exchange rate differences recorded at the National Bank of Yugoslavia will exceed 10,000 billion dinars.

Unpaid domestic debts (obligations without adequate coverage) are also to be found in the commercial banking system. A portion of the unpaid negative exchange rate differences are found in these banks as well, but they are decreasing in relative terms. Nevertheless, there are other forms of unpaid debts in the commercial banking system. They are claims based on credit extended to certain account holders, economic organizations which are unable to repay this credit. At the end of 1986, the doubtful and disputed claims in banks amounted to around 200 billion dinars. Claims due from account holders in foreign currency are also to be found in the commercial banks. There is no certain nor legal basis for such claims, nor are the economic organizations (debtors) materially capable of settling these obligations.

Huge losses have piled up in economic organizations. The periodic statement of account for January-June 1987 reflects losses totalling 1,157 billion dinars, while around 200 billion dinars in losses were carried forward from 1986. Typically, the accounting value of stocks (raw and intermediate materials, unfinished output, and finished products and goods) is constantly rising, at a pace even faster than the inflation rate. This situation is fostered by the new aggregate revenue and income accounting system, but also by the persistent reporting by economic organizations of the most favorable results possible in current operations, something which can also be accomplished through fictitious increase in the value of stocks on hand.

Why are such great exchange rate differences concentrated in the National Bank of Yugoslavia? NBJ [National Bank of Yugoslavia] claims toward commercial banks based on credit representing the equivalent value of savings on deposit with the NBJ secure only about 15 percent of obligations toward savings account holders in the form of foreign currency. The obligation as a whole was secured at the time when the credit was extended. The exchange rate has changed in the interim in proportion to inflation, and so this situation has resulted. Had the commercial banks revalued their obligations toward the National Bank, there would be hardly any exchange rate differences in the NBJ on this basis (they would exist only at the level of the actual depreciation of the dinar exchange rate). It follows that the current unpaid debts based on foreign currency savings have been absorbed by the commercial banks or their account holders. This fact should be kept in mind in making proposals to solve these problems.

What the Federal Executive Council Offers

The documents dealing with unpaid domestic debts and the possibilities of eliminating them recommend the basic directions to be taken in solving the problem of unpaid domestic debts. Solutions are proposed in particular for recovering losses in economic organizations and in commercial banks, and a fundamental concept for resolving the problem of unpaid exchange rate differences in the National Bank of Yugoslavia is also advanced.

When it is a question of covering losses in economic organizations, the greatest amount of attention is devoted to loss rehabilitation. Effective rehabilitation of economic organizations operating at a loss or their liquidation is proposed. To be able to choose one of the two alternatives, it is proposed that a detailed analysis be made of every organization which is operating at a loss. This refers to analysis of the situation of an organization as regards primary distribution, review of internal economy, assessment of the investment capabilities of the associated labor organization, and so forth. Should such analyses indicate rehabilitation to be justified, effective recovery of losses would be undertaken. Otherwise, the economic organization would be liquidated.

The share of the operating fund in the aggregate sources of operating capital is increased, primarily as a result of revaluation of fixed assets and circulating capital. On the other hand, the structure of circulating capital sources is deteriorating, because the share of the operating fund in financing permanent circulating capital is declining from year to year and currently amounts to only 10 to 15 percent. The Federal Executive Council does not propose either extension of credit to economic organizations out of primary issue or conversion to long-term credit at token interest where an obligation based on credit virtually disappears along with this high inflation. It is believed that the credit relationship in the financing of circulating capital should be retained and that interest

rates must be higher than the rate of inflation. In view of the decrease in the existing volume of mutual debts and claims of economic organizations, it is recommended that multilateral clearing be implemented. All these solutions are not adequate for the current financial situation, and it can confidently be stated that their implementation has merely speeded up inflation.

In regard to unpaid domestic debts recorded in commercial banks, it is recommended that the current regulations on making up negative exchange rate differences be retained. Inasmuch as it has not been possible to establish even in approximation the precise amount of unpaid domestic debts in the form of foreign currency claims of commercial banks toward account holders (economic organizations), or the volume of unpaid dinar investments and doubtful and disputed claims, it is proposed that these debts be identified in every commercial bank.

From the formal viewpoint the greatest problem is that of the unpaid domestic debts recorded at the National Bank of Yugoslavia. Relatively specific measures are proposed to solve this problem. The current exchange rate differences based on foreign currency obligations (net increase in foreign currency savings, new foreign currency credit) must be made up during the current period. The source of the funds would be represented by interest paid by the NBJ, positive exchange rate differences, and other revenue of the National Bank of Yugoslavia. They are also sources for making up all the negative exchange rate differences at the NBJ.

Positive exchange rate differences represent one of the sources of revenue for making up negative exchange rate differences. It is also expected that revaluation interest will be established to be paid by the commercial banks to the National Bank on the corresponding dinar value of foreign currency on deposit with the NBJ. The largest source from the quantitative viewpoint for making up exchange rate differences is possibly the so-called issue profit or excess revenue from interest, which would be used in its entirety to make up negative exchange rate differences.

The Proposed Concept Is Not Anti-Inflationary

It is obvious that the so-called financial consolidation of the economy has been conspicuously by its absence. There has been a predominant conviction that the past granting of primary issue money to the economy as credit or conversion of short-term credit for selective purposes to long-term credit has contributed to increase in spending and inflation and that there has been no essential change in the structure of sources of permanent circulating capital.

Typically, the property structure of economic organizations continues to be untenable. Enterprises are for the most part owners of fixed assets (because of inflation, the revaluation system, and failure to revalue long-term dinar credit), but as a result almost all of them are forced

to resort to credit to finance routine operations. Such a disturbance of the structure of the assets of economic organizations could not occur at all in a market economy. If an enterprise loses money, it must sell part of its assets in order to acquire liquid capital. Is such a solution possible in Yugoslavia? It is not, for the following reasons. First, potential buyers (other economic organizations) have neither the interest in nor the money for becoming joint owners of another economic organization. Second, citizens neither are legally able to, nor do they have a material interest in, investing their funds in a public-sector economic organization. Thirdly, foreign economic organizations as well cannot become owners (or joint owners) of Yugoslav economic organizations, and moreover are not greatly interested in this economic system. It follows that other, mainly administrative, solutions should be found which would contribute to relatively normal operation by economic organizations while making easier a transition to future market economy operation.

Two solutions are possible in this context, either extension of issue credit to economic organizations without the obligation of repayment or lending money accompanied by assumption of long-term credit, in which case the creditor would be the government and the payments of principal and interest on such credit could be used to repay credit to foreign creditors. The proposed solutions based on a restrictive credit policy and on retention of the existing property structure of the economy are decidedly inflationary.

The solutions proposed for eliminating the unpaid exchange rate differences recorded at the National Bank of Yugoslavia are also inflationary. The issue revenue or interest which would be collected by the National Bank of Yugoslavia from commercial banks on primary issue credit would be used predominantly to make up negative exchange rate differences. Once high credit out of primary issue is expected, a disturbed fund source structure is accepted, such that a shortage of money, which would grow in proportion to inflation, would be offset by issue by the government or the NBJ. It would be normal for the NBJ as a non-profit organization to extend credit to commercial banks on principle (except over individual short periods) not exceeding the deposits of the commercial banks based on mandatory reserves. The proposed solution even encourages the government or the NBJ to push inflation as high as possible, because when inflation rises, the shortage of money or the volume of credit extended out of primary issue increases, and this increases the revenue of the NBJ.

What is needed in place of this is clearcut definition of the actual material problem associated with unpaid domestic debts. It is important to establish whether the majority of domestic debts derive from the foreign debt and from foreign currency debts toward individual savers and whether there are no specific debtors for these obligations which in effect have been assumed by the

government or the NBJ. Hence it is necessary to determine which foreign debts have no actual debtor (or a solvent debtor) in Yugoslavia. It is known that a part of commercial foreign credit can be repaid quite regularly by the specific debtors of this credit. It is also necessary to determine whether or not there is an actual debtor for aggregate foreign currency savings (actual debtors probably exist, up to the level of the obligation of the commercial banks toward the National Bank of Yugoslavia based on credit in the form of the equivalent dinar value of foreign currency on deposit). Another step is determination of debts which can be paid by selling off existing assets (for example, by selling publicly owned housing). Determination could also be made of the portion of foreign debt that might be assumed by economic organizations in the form of long-term credit in exchange for the money lent for financing routine operations. The longer the solutions are deferred, the larger will unpaid domestic debts become in both nominal and real terms, because of this inflation, and this will unquestionably make this problem increasingly difficult to solve.

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Alternate Proposals for More Effective Banking System Described

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[Interview with Mitja Gaspari, vice president of the National Bank of Slovenia, by Vladimir Gligorov, date and place not given: "The Central Bank—The Constitution and Monetary Policy"]

[Text] The subject of the central banking system cannot be avoided in the forthcoming discussions of constitutional amendments and any program for checking inflation. We interviewed Mitja Gaspari, vice president of the National Bank of Slovenia and director of its research center, about the direction of the changes and the system of the National Bank of Yugoslavia designed to achieve greater efficiency. Interesting excerpts from this interview are presented in what follows.

[Question] Let us begin with your view of the proposed constitutional amendments which apply to the National Bank of Yugoslavia, and in this context what do you think would be better proposals?

[Answer] I believe that the solutions adopted elsewhere in the world should be followed. A central banking system cannot be much different in socialist countries. The currently proposed constitutional amendments appear to me to tend toward modifications which really are not essential to the operation of the central banking system and do not have much to do with it. There is a tendency toward amendments harmonizing with increased unity, ones which it is believed will aid in solving the problem. An attempt is made to fit the central banking system into it.

In my opinion, the fundamental characteristic of our central banking system consists of the fact that it is not hierarchically arranged, while the basic shortcoming of the proposed constitutional amendments is represented precisely by the circumstance that they tend toward introduction of hierarchical relationships into the central banking system, so that the national banks of the republics would become branches of the National Bank of Yugoslavia. I do not think that this is the real problem. Our system of central banks is presumably made up of the National Bank of Yugoslavia and the central banks of the republics and provinces, and all of them together are decentralized functions of the unified central banking system, which technically performs the functions of implementing credit policy, issue of money, and control of the commercial banks in its territory.

Possibly only two sentences need to be said about unification of the monetary system and monetary policy. If we have a market economy and a unified currency, it goes without saying that we have a unified system. There is no need to point this out constantly. As regards the policy, I think it is not important where it is unified or collective, because it is ratified collectively in the Federal Assembly. The problem is to make certain that it is implemented uniformly everywhere in Yugoslavia. It is not essential for it to be implemented by individual republics; what is essential is for it to be implemented by the institutions which make up our financial system. Hence the functional rather than the regional approach to implementation of monetary policy is essential.

As regards the need for a unified or collective credit policy, I believe that a methodological error is possibly involved here. I regard credit policy as being the concern of the commercial banks, or of all the ones which perform this financial function. The central bank should ensure uniform financial operating conditions, but no governmental credit policy should be elaborated, because when we think of the credit policy of the National Bank we must say that we think of credit policy of the National Bank which is, after all, an integral part of monetary policy, because it is one of the channels through which money is issued.

In my opinion, the dilemmas created by the proposed constitutional amendments are artificial; these amendments do not deal with the central problems of our central banking system. And the root cause of all these problems is that conditions do not exist under our system such that money can perform its functions. It is probably just as well known why this is so. Our system is not set up in such a way that money or capital can independently perform its function of redistribution or mobilization of accumulation within a unified monetary area. Certain other elements—development, income, and even investment policy—are called upon to perform the monetary function.

[Question] If the current proposals tend in the direction of centralization, what is the alternative? Independence comes to mind. What is there to prevent making the central banking system independent?

[Answer] We all know that a part of a system cannot be optimized if the system as a whole is not optimal. I will nevertheless try to deal with the question.

If we study the experience of other countries, we find that their legislation is not greatly different from ours from this standpoint. The alignment of forces is different, however. Practice regulates the relationship between the central bank as an expert institution and policy, but only up to the point of preserving the stability of the economy and the value of domestic currency. Policy, that is, the ministry of finance, does not go beyond this point.

In Yugoslavia we have no law or constitution which would be capable of regulating this question; it is a matter of specific policy, the maturity of political structures, and I would say also of the professional ethics of the persons employed in the establishments of the central banking system. I am afraid that at the moment neither the one nor the other has been secured, and I also fear for greater independence of the central banking system and monetary policy in general.

If I were to suggest something, I would say that the functions which do not belong to the central banking system should be taken away from it. This applies above all to extension of selective credit. It has no justification from the viewpoint of monetary policy. It can remain so only if our fiscal policy is of no use to us, and this appears to be a constant feature of our system. But in that event monetary policy would also be of no use to us and we would have two bad systems.

[Question] Let us talk about fiscal policy. Is the mixing of tax and monetary policy any hindrance here?

[Answer] I am not an expert on the fiscal system. I do not want to give advice in this area. However, from the viewpoint of the central banking system, the fundamental problem lies in the opacity of the relationships between all types of tax burdens and monetary policy. There is insistence on a "neutral" fiscal policy, that is, on a balanced budget. Perhaps this is proper from the long-term viewpoint, but it cannot be a theoretical constant, because it yields negative results in the other parts of the system—in the case of Yugoslavia, negative exchange rate differences in the central bank.

It is necessary to relieve the central bank of its parafiscal functions, and to render the fiscal system capable of assuming certain purely economic, and even social, functions. How this should be done, whether through a sales tax, by way of a value added tax, or, as in China, by taxing total profit, is an empirical rather than a theoretical question.

The central banking system should not intervene in this process by applying a selective credit policy. The commercial banks or some other financial institutions which could compete with them should concern themselves

with investments. Thus, I also see the possibility of making up the negative exchange rate differences which have accumulated in the National Bank of Yugoslavia, which could be said to have become the biggest loser in our economy. The commercial banks, enterprises, and individuals should have paid for these losses, with real compensation. Dynamic, financially strong organizations could have found it in their interest to invest in highly liquid funds.

This would naturally require change in the concept of banks, enterprises, and managements in them, as well as modification of the concept of public property. But these are no longer questions of monetary policy.

[Question] I should like to ask something somewhat unrelated to the main theme of our conversation. Do you think it would help the process of independence if officers of the national banks were not required to be members of the SKJ [League of Communists of Yugoslavia] and if they were selected on the basis of their professional knowledge?

[Answer] I believe this to be indispensable to the operation of the central banking system, that personnel here and in the banking system in general be selected on the basis of professional qualifications. There is no need even to waste time discussing the matter.

I believe that it would be a good thing for selection of officers in the central bank to be separated from selection of political officials. As the judge states about independence, perhaps central bank officers should be selected for a longer term and be given greater independence.

[Question] You mentioned the control function of the National Bank. What should its features be?

[Answer] In my opinion, this is the function of the greatest importance for the central bank. The central bank should conduct monetary policy independently, and all arbitration between the Federal Executive Council and the National Bank should be conducted in the Federal Assembly, in the home committee. This is the way it should be especially as regards the balance of payments and foreign exchange reserves. Real independence is needed here. The National Bank should even oppose utilization of foreign exchange reserves outside of areas which require external liquidity. If the Federal Executive Council should have other wishes, it should demand weightier solutions, in the form of passage of a law or parliamentary resolution, and should not make hasty decisions.

In addition, internal control of the financial system should be exercised by the National Bank, and not the Public Accounting Service. The function of economic inspection should be performed by special professional institutions, and the government part of control should be within the jurisdiction of the central bank. This would

be an independent function, even relative to the national banks of the republics and even relative to the National Bank of Yugoslavia. It would be directly responsible to the administrative authority, that is, the board of governors. And as regards the internal control of the banking system, "cross-control" could also be introduced: Bosnian auditors would inspect Slovene banks, and Slovene auditors would inspect Bosnian banks.

This is the fundamental relationship between the commercial and the central banks. Everything else should be left to modern financial instruments which would be under the direct control of the monetary policy and its instruments. In addition, selective credit should be utilized only as a very rare exception, although instances of its use in other countries, such as Italy, are known. However, when it was found that this leads to a large number of negative consequences, these countries abandoned the intimate relationship between it and the central bank and "divorced" the two.

[Question] You speak of a transparent relationship between the government and the central bank, and a market is needed for this purpose. Our money market went bankrupt. Are there any prospects for any such market in Yugoslavia?

[Answer] I am afraid that the study shows an interesting fact in this connection: all our attempts at introducing normal market instruments have resulted in their opposite. In the case of the money market, the attempt resulted in degeneration into a non-transparent capital or even stock market (financing not subject to repayment), although these are normal financial instruments. The National Bank should have known this, but did not know or did not want to know, what I know.

If we want to make the transition to a money market—and I think that we need both a short-term market and a capital market, or even stock market, if at some time we make the transition to them, changes will have to be made in the instruments of monetary policy. I have in mind above all restriction of bank investments. The commercial banks should engage independently in provision of credit, applying to the National Bank only as the "bank of last resort." This would be an indication of its solvency, which the central bank would make public at all times. The commercial banks would be differentiated.

I do not think that there is any need to argue about the independence of the commercial banks; they should be qualified to perform all the financial transactions customary throughout the world today.

[Question] It is still insisted that a moderate or entirely restrictive monetary policy be pursued. What is the situation, in your opinion?

[Answer] Well, I think that we all know this much. Countries on the way to hyperinflation always have a restrictive monetary policy, as gaged by standard criteria. The circulation of money speeds up, while the actual amount of money decreases. The economy does not have enough money, and it turns out that the central bank issues too little. The picture changes, however, if we compare monetary aggregates not with nominal output but with a particular indexed medium in which money circulates (as is the case with foreign currency deposits in Yugoslavia). Over the last 5 to 6 years during which inflation has been accelerating, this relationship has been stable. We cannot from this viewpoint speak of a restrictive monetary policy.

I would say that the greatest problem is not represented by money surrogates such as bills of exchange but by a money surrogate such as negative exchange rate differences. Foreign currency deposits have been transferred to the National Bank and have become the basis of these exchange rate differences. They are monetized, and the problem is not that the additional amount of money enters the monetary system, but rather that the money needed to make up the exchange rate differences is not withdrawn.

[Question] So what could the central bank do to check inflation?

[Answer] I believe that it should be very clearly stated what policy is to be pursued over the next 6 to 12 months, and resolve to persist in this course should be displayed immediately, so that a minimum of confidence can be gained.

Were this line of thinking to be followed, clearly the central bank would have to abandon the current monetary policy, that is, the policy of competing with the commercial banks by means of cheap credit. This is a basic requirement for any stabilization program.

Next, it would be necessary to determine whether the federal government really wants to reduce the budget, inasmuch as the budget is growing in real terms now when a new program for checking inflation is being proposed. Everyone is watching this situation and is indexing his demands in keeping with it.

Lastly, if we regard the Agrokomerc as a negative experience, we should go back to following the rule that the lender rather than the borrower should be honored. We will otherwise constantly have a "soft-budget constraint."

While we are on this subject, I would like to say that rehabilitation of the economic system must begin with rehabilitation of the central bank. Until it acknowledges its enormous loss, until it acknowledges that issue in the form of exchange rate differences and that failure to retire the mature credit of the commercial banks is

excessive, there will be no prospect of conformity to financial discipline on the part of the commercial banks, to say nothing of the economy.

This is a fairly simple proposal, but I do not think that there is a consensus that it should be adopted. So long as the central bank is accustomed to rescuing enterprises, economic sectors, and entire regions, economic power will be in second place and political power in first. It is interesting that it is different in Yugoslavia from what it is in other countries; there economic and political power go hand in hand, but they are entirely separated in Yugoslavia.

[Box, p 24]

Exchange Rate Differences

What is lost from sight in the proposed constitutional amendments is the functional latitude available to our central banking system. The exchange rate differences, which are a specialty of ours, our negative financial innovation inserted into the system from the federal level downward, according to some estimates represent about 13 percent of the social product each year. In reality they represent a hefty federal deficit which is not offset by any transparent funds relating to any normal compensation. If we want this debt to exist as a transparent one, we must find persons who are willing to finance it for suitable compensation. In this respect we closely resemble those who have shifted from this process to the phase of hyperinflation, and I believe that the constitutional amendments do not lead in the direction of elimination of these problems. I am afraid that they lead instead toward further deterioration of the central banking system, and this deterioration is promoted by this law on total revenue and income which instituted universal indexing at the federal level. Indexing is risky in a banking system.

[Box, p 24]

Three Problems

A prerequisite for improving the current situation is recognition of markets in the financial system, that is, recognition of a financial market and independent action by financial institutions, that is to say, primarily the

commercial banks, on this market. The problems associated with the constitutional provisions, problems the solution of which could clear the way for a more efficient dinar, credit, banking, and probably overall financial system, are linked essentially to problems much deeper than those which the "constitutional amendments" propose to solve. They are given below in brief, and so of necessity superficially:

1. The problem of establishing an economic definition of public ownership, something which requires solution of the problem of determining the value of all production factors, and also of financial capital. This requires determination of their prices by the market, the precise agencies responsible for administering them, and the precise responsibility for the costs arising in the process of employment of financial capital.

2. This, in turn, requires different operation of the central banking system, that is, primarily concern for stability of currency and for reaching macroeconomic goals by way of indirect influence on and control of the commercial banking system (of the commercial credit policy of the banks in the system). Hence the National Bank should be relieved of the commercial credit functions of direct control of the credit potential of the banks, inasmuch as the National Bank has no serviceable economic indicators, and also impedes development of a decentralized financial system as the best form of organization.

3. The process of establishing and implementing monetary policy should be aimed at the fundamental goals of stable economic growth rather than at partial, selective, goals of social contracts and plans. In addition, the organization of management of the National Bank obviously is a function of such a task. In a federated state, this is usually accomplished throughout the world through collective management.

(Milan Cviki, Mitja Gaspari, "Nekatera razmisljanja o centralno bancnem sistemu v svetu in v Jugoslaviji ob predlogu ustavnih sprememb" [Certain Considerations Regarding the Central Banking System Throughout the World and In Yugoslavia in Connection with the Proposed Constitutional Amendments] Ljubljana, October 1987)